
Section V

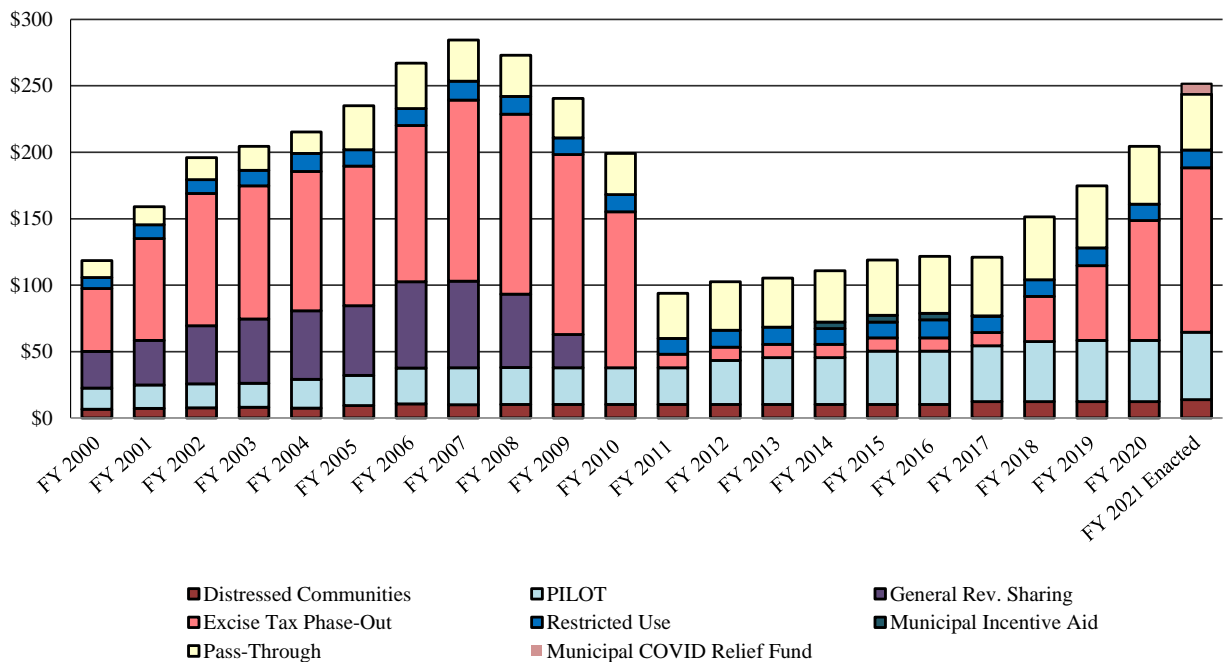
Special Reports

State Aid to Local Governments

Introduction

The Assembly provided state aid to cities and towns totaling \$209.4 million for FY 2021. Funding for general aid programs in FY 2021 includes \$196.0 million, \$43.0 million more than recommended. Funding for restricted use programs includes \$13.4 million for FY 2021. Local communities also receive revenues from other local taxes, which the state collects and passes through to the communities. This totals \$42.1 million for FY 2021, \$7.4 million less than previously estimated.

The following graph shows historical funding data, in millions. The graph below also shows the allocation of funding for state aid programs from FY 2000 through FY 2021.



The major changes included in the aid proposal are discussed on the following pages, followed by tables that show the enacted distribution of general aid by community as well as restricted aid programs by community, including library operating aid, which is considered restricted and is not included in the general aid totals, and public service corporations' tax collections, a local levy collected at the state level and returned to local governments for tax collection efficiency purposes. It should be noted that the FY 2021 allocations for the Motor Vehicle Excise Phase-Out will be impacted by data updates which will change distributions to each community.

General. The Assembly provided \$196.0 million for FY 2021 for general state aid programs to local governments.

Fiscal Year	2000	2005	2010	2015	2020 Enacted	2020 Final	2021 Gov. Rec.	2021 Enacted	Chg. To Enacted
General Aid - State Sources									
Distressed Communities	\$ 6.6	\$ 9.5	\$ 10.4	\$ 10.4	\$ 12.4	\$ 12.4	\$ 6.2	\$ 13.8	\$ 1.4
PILOT	16.1	22.7	27.6	40.1	46.1	46.1	46.1	50.7	4.6
Excise Tax Phase-Out	47.3	105.0	117.2	10.0	94.3	90.3	100.7	123.8	29.5
Municipal Incentive Aid	-	-	-	5.0	-	-	-	-	-
Municipal COVID Relief Fund	-	-	-	-	-	-	-	7.8	7.8
Subtotal	\$ 97.5	\$ 189.7	\$ 155.1	\$ 65.5	\$ 152.7	\$ 148.7	\$ 153.0	\$ 196.0	\$ 43.3
Restricted Use Aid - State Sources									
Library Resource Aid	\$ 5.7	\$ 8.1	\$ 8.8	\$ 8.8	\$ 9.6	\$ 9.6	\$ 9.6	\$ 9.6	\$ -
Library Const. Aid	1.6	2.5	2.6	2.3	1.9	1.9	2.7	2.7	0.8
Prop. Val. Reimb.	0.0	0.6	1.6	0.7	0.7	0.6	1.1	1.1	0.4
Oversight Reimb.	-	-	-	0.1	0.1	0.1	-	-	(0.1)
Subtotal	\$ 8.2	\$ 12.3	\$ 13.0	\$ 11.9	\$ 12.2	\$ 12.2	\$ 13.4	\$ 13.4	\$ 1.1
Total - State Sources	\$ 105.7	\$ 202.0	\$ 168.2	\$ 77.4	\$ 165.0	\$ 160.9	\$ 166.4	\$ 209.4	\$ 44.4
Other Aid - Pass-Through									
Public Service Corp.	\$ 12.8	\$ 14.6	\$ 10.2	\$ 14.3	\$ 13.3	\$ 13.2	\$ 13.3	\$ 13.2	\$ (0.2)
Meals and Beverage Tax	-	17.8	19.0	23.9	29.8	\$ 26.2	30.8	24.8	(5.1)
Local Hotel Taxes	\$ -	0.6	1.7	3.4	5.1	4.3	5.4	4.2	(0.9)
Total - Other Aid	\$ 12.8	\$ 33.1	\$ 30.9	\$ 41.6	\$ 48.3	\$ 43.6	\$ 49.5	\$ 42.1	\$ (6.2)

\$ in millions

- ***Distressed Communities Relief Fund.*** The Assembly provided \$13.8 million, \$7.6 million more than the Governor's recommendation for Distressed Communities Relief. This includes \$11.3 million from Coronavirus Relief federal funds distributed pursuant to the Distressed Communities formula. Communities' aid distribution is based on updated qualifying tax levies and reflects a total of seven funded communities; there is a redistribution of funding among qualifying communities based on that total.

- ***Payment in Lieu of Taxes Program.*** The Assembly provided \$50.7 million for communities that qualify for the Payment in Lieu of Taxes program. This includes \$31.5 million from Coronavirus Relief federal funds distributed pursuant to the Payment in Lieu of Taxes program formula. That formula reimburses municipalities for property taxes that would have been due on real property exempted from taxation by state law, including property owned by private nonprofit higher educational institutions, nonprofit hospitals, or any state-owned hospital, veterans' residential facility, or correctional facility. Municipalities may be reimbursed through general revenues up to 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation. If the appropriation is less than the necessary amount, the reimbursements are ratably reduced. The FY 2021 recommendation is \$3.1 million more than full funding based on available data.

The Governor's budget proposed legislation to provide that portions of non-profit higher education and hospital properties which are not used exclusively for educational or hospital activities, are not exempt from taxation. This creates the possibility of new future tax revenues in some cases for some communities. The enacted budget excludes this legislation.

- ***Motor Vehicle Excise Tax Phase-Out.*** The Assembly provided \$123.8 million, \$23.0 million more than recommended for distribution through the Motor Vehicle Excise Tax Phase-Out program. The Governor's budget proposed legislation to complete the phase-out a different way with more of the cost shifted to later years. The Budget excludes the proposal. It maintains the phase-out schedule under current law and distributes \$86.0 million from Coronavirus Relief federal funds using the same formula under statute. The 2017 Assembly restarted the phase-out, which had been frozen for several years with incremental changes to different elements of the local tax collection. For FY 2021, the rate cap remains at

\$35 per \$1,000 assessed, consistent with the prior year; changes include lowering the assessed value from 85.0 percent to 80.0 percent and raising the minimum exemption by \$1,000 to \$4,000. As of FY 2018, cars older than 15 years old are no longer taxed. Under current law, the tax is eliminated as of FY 2024.

- ***Municipal Incentive Aid.*** The program has not been funded since FY 2016.
- ***Municipal COVID Relief Fund.*** The Assembly provided \$136.5 million from Coronavirus Relief federal funds and distributes those funds to communities based on four formulas. The proviso language provides that the Department of Revenue may require cities and towns to submit all appropriate and necessary documentation to document that the use of funds provided complies with all applicable federal laws and regulations governing the use of funds under Section 5001 of the Coronavirus Aid, Relief, and Economic Security Act, P.L. 116-136. The distribution formulas include the aforementioned funding amounts in the Distressed Communities Relief, Payment in Lieu of Taxes, and Motor Vehicle Excise Tax Phase-Out, distributed based on those formulas. There is an additional \$7.8 million distributed on a per capita basis.
- ***Library Resource Sharing Aid.*** The Assembly provided \$9.6 million for library aid consistent with FY 2020. Current law allows 25.0 percent reimbursement of second prior year expenditures, subject to appropriation. The funding level represents a 21.7 percent reimbursement.
- ***Library Construction Aid.*** The Assembly provided \$2.7 million to fully fund library construction aid requirements. The state reimburses libraries up to half of the total costs for eligible projects on an installment basis, for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of the project.
- ***Property Valuation Reimbursement.*** The Assembly provided \$1.1 million to reimburse communities conducting property valuation updates, consistent with the Governor's recommendation.
- ***Oversight Reimbursement.*** The Budget includes no funding for oversight reimbursement of 50.0 percent of the cost of a financial advisor position to communities no longer under state Fiscal Stability Act oversight as no communities are eligible. Woonsocket exited oversight on March 20, 2020.
- ***Public Service Corporation Tax.*** The Budget assumes the state will collect and distribute an estimated \$13.2 million of property taxes from public service corporations on behalf of municipalities and pass that back to them. A final figure will be calculated in spring 2021 when updated data is available. The 2009 Assembly adopted the Governor's recommendation to require the tax rate applied to the tangible personal property of public service corporations not be less than the prior year.
- ***Administrative Fee on Locals.*** The Budget does not include the Governor's budget proposal to retain a 2.0 percent administrative fee from tax levies collected at the state level that are passed back to local governments. These include 1.0 percent local Meals and Beverage tax, Hotel taxes, and a portion of the Real Estate Conveyance tax. There is already a 0.75 percent deduction from the Public Service Corporation tax collections the state collects on behalf of municipalities.

State Aid

State aid can be classified into *general* state aid and *restricted use* aid. *General* aid payments made to municipalities can be used for general budget use or as reimbursement for costs incurred. Examples include: distressed communities relief, payments in lieu of taxes, and motor vehicle excise tax phase-out payments. The general purpose of these programs is to relieve pressure on local property taxes by providing revenues from the state's broad based taxes to local governments.

Restricted use aid includes payments made to a municipality for a specific purpose or payments to non-governmental entities providing a public service, including library aid. The largest source of restricted aid is education aid, not included here. This information is shown separately in the Education Aid report in this publication.

Pass-through aid in the form of the Public Service Corporation, 1.0 percent local Meals and Beverage, and 1.0 percent hotel tax are listed as state aid. These funds are not paid from state sources. For efficiency of collections, the Division of Taxation collects this local levy at the state level and returns the collections back to the local governments. The Budget does not include the Governor's budget proposal permitting the Division of Taxation to retain a 2.0 percent administrative fee from the local hotel, meals and beverage, and Real Estate Conveyance tax revenues collected and passed-through to municipalities. There is already a 0.75 percent deduction from the Public Service Corporation tax collections.

General State Aid

Distressed Communities Relief Program. The Distressed Communities Relief program was established in 1990 to provide assistance to the communities with the highest property tax burdens relative to the wealth of the taxpayers.

Rankings	Central Falls	Cranston	North Providence	Pawtucket	Providence	West Warwick	Woonsocket
FY 2018							
Levy/Full Value	2	8	6	7	3	5	1
Per Capita Income 2015	1	7	9	2	4	5	3
Personal Income/Full Value	1	16	3	4	12	5	2
Full Value Per Capita	1	11	6	3	4	5	2
Qualifying Rankings	4	2	3	4	3	4	4
FY 2019							
Levy/Full Value	2	7	4	8	3	6	1
Per Capita Income 2016	1	7	11	4	3	5	2
Personal Income/Full Value	1	10	3	4	15	6	2
Full Value Per Capita	1	7	6	3	4	5	2
Qualifying Rankings	4	3	3	4	3	4	4
FY 2020							
Levy/Full Value	3	5	6	8	2	4	1
Per Capita Income 2017	1	7	9	3	4	5	2
Personal Income/Full Value	1	9	4	3	11	6	2
Full Value Per Capita	1	7	6	3	4	5	2
Qualifying Rankings	4	3	3	4	3	4	4
FY 2021							
Levy/Full Value	4	5	7	6	3	2	1
Per Capita Income 2018	1	7	9	4	3	5	2
Personal Income/Full Value	1	6	4	3	17	5	2
Full Value Per Capita	1	6	7	3	5	4	2
Qualifying Rankings	4	4	3	4	3	4	4

The 2005 Assembly increased eligibility for FY 2006 to any community falling into the lowest 20.0 percent for at least three of four indices to be eligible for assistance under the Distressed Communities Relief program.

Dedicated funding for the program was from \$0.30 of the \$2.00 real estate transfer tax collected for each \$500 or fractional part of the purchase price of property sold, \$5.0 million from state appropriations, and 0.19 percent of all net terminal income from video lottery. The 2007 Assembly adopted the Governor's recommendation to convert the real estate conveyance portion to general revenues and make the program

subject to appropriation. Distributions from only video lottery terminal revenues were shared equally among qualifying communities.

The 2012 Assembly adopted legislation allowing municipalities to receive the entirety of their distressed aid payments in August. Payments had been made twice a year in August and March.

Historically, a majority of the funds, \$9.6 million, was distributed on a weighted allocation and legislation was included in past budgets to allow \$0.8 million previously linked to lottery revenues to be shared equally among the communities. Since FY 2014, all of the funds are distributed on a weighted basis. The program had been level funded at \$10.4 million from FY 2008 until the 2016 Assembly increased funding to \$12.4 million. Payments are made in August each year.

The 2016 Assembly enacted legislation requiring that all communities qualifying as distressed participate in the Division of Taxation's refund offset program to collect taxes owed. Current law provides that if the Assembly appropriates more than the enacted level for the program, distressed communities will receive shares, even if they are receiving a transition payment.

The Governor recommended \$6.2 million for FY 2021, half of the enacted level of \$12.4 million for the Distressed Communities Relief program.

The Budget includes \$13.8 million, including \$11.3 million from Coronavirus Relief federal funds distributed pursuant to the Distressed Communities formula. Communities' aid distribution is based on updated qualifying tax levies. Most funds are distributed based on the ratio of an eligible municipality's tax levy to the total tax levy of all eligible municipalities. However, when a new community qualifies, that community receives 50.0 percent of current law requirements the first year it qualifies. The remaining 50.0 percent is distributed to the other distressed communities proportionately. When a community falls out of the program, it receives a one-time transition payment of 50.0 percent of the prior year requirement exclusive of any reduction for first year qualification. No community is in transition in FY 2021.

Payment in Lieu of Taxes (PILOT). This program reimburses cities and towns for property taxes, which would have been due on real property owned by private nonprofit higher educational institutions or nonprofit hospitals, or any state-owned hospital, veterans' residential facility or correctional facility, which is exempt from taxation by state law. Municipalities may be reimbursed up to 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation. The state makes one payment to communities in July of each year. If the appropriation is less than the necessary amount, the reimbursements are ratably reduced. The Budget includes \$50.7 million for communities that qualify for the Payment in Lieu of Taxes program. This includes \$31.5 million from Coronavirus Relief federal funds distributed pursuant to the Payment in Lieu of Taxes program formula.

The Budget does not include the Governor's proposed legislation to specify that portions of non-profit higher education and hospital properties which are not exclusively used for educational or hospital activities are not exempt from taxation. With the removal of tax exempt status of some properties, future payments under this aid program would be affected.

Motor Vehicle Excise Tax Phase-Out. The 1998 General Assembly enacted legislation to eliminate the motor vehicle's excise tax over a period of seven years. The exemption is a reduction to the assessed value subject to taxation. Cities and towns are paid by the state for the lost taxes due to the exemptions and local vehicle tax rates were frozen to the FY 1998 level. Annually, the state makes four quarterly payments to the communities in the months of August, November, February and May.

The 2010 Assembly provided \$117.2 million to fund the program at 88.0 percent of the amount that would have been due in FY 2010. It also enacted legislation that mandates a \$500 exemption for which the state

will reimburse municipalities an amount subject to appropriation for FY 2011 and thereafter. It had been funded at \$10.0 million until FY 2018. Municipalities could provide an additional exemption which was not subject to reimbursement. The Assembly removed the prohibition on taxing the difference when the value of a vehicle is higher than assessed in the prior fiscal year, and allowed motor vehicle rates and ratios of assessment to be less than earlier levels, which were frozen. The Assembly also restored fire districts' authority to levy a motor vehicles excise tax and excluded them from reimbursements.

The 2017 Assembly enacted legislation to restart the phase-out. Over time, the law incrementally reduces the maximum tax rate levied and percentage of assessed value, while increasing the minimum exemption. The legislation also exempts cars older than 15 years from taxation, a change from the prior exemption of 25 years. For FY 2021, the rate cap remains at \$35 per \$1,000 assessed; changes include lowering the assessed value from 85.0 percent to 80.0 percent and raising the minimum exemption by \$1,000 to \$4,000. Cars older than 15 years are no longer taxed. Under current law the tax is eliminated as of FY 2024.

The Governor proposed legislation to complete the phase-out a different way. The proposal uses the same rate cap for FY 2021, but lowers the assessed value to just 82.5 percent, and raises the minimum exemption to only \$3,800 for FY 2021. It extends the phase-out through FY 2028, delaying the elimination five years. The recommended budget provides \$100.7 million for FY 2021 which is \$11.8 million less than estimated to be required under current law. Proposed changes by component are shown in the table below.

		Current Law			2020-H 7171			Change to Current Law		
Fiscal Year	No Tax After Age	% of Retail Value	Cap on Rate per \$1,000	Exemption Floor	% of Retail Value	Cap on Rate per \$1,000	Exemption Floor	% of Retail Value	Cap on Rate per \$1,000	Exemption Floor
2017	25	100.0%	\$ -	\$ 500	100.0%	\$ -	\$ 500	-	\$ -	\$ -
2018	15	95.0%	\$ 60	\$ 1,000	95.0%	\$ 60	\$ 1,000	-	\$ -	\$ -
2019	15	90.0%	\$ 50	\$ 2,000	90.0%	\$ 50	\$ 2,000	-	\$ -	\$ -
2020	15	85.0%	\$ 35	\$ 3,000	85.0%	\$ 35	\$ 3,000	-	\$ -	\$ -
2021	15	80.0%	\$ 35	\$ 4,000	82.5%	\$ 35	\$ 3,800	2.5%	\$ -	\$ (200)
2022	15	75.0%	\$ 30	\$ 5,000	80.0%	\$ 33	\$ 4,000	5.0%	\$ 3	\$ (1,000)
2023	15	70.0%	\$ 20	\$ 6,000	77.5%	\$ 31	\$ 4,500	7.5%	\$ 11	\$ (1,500)
2024	15	No Tax Levied			75.0%	\$ 27	\$ 5,000	75.0%	\$ 27	\$ 5,000
2025	15				72.5%	\$ 23	\$ 5,500	72.5%	\$ 23	\$ 5,500
2026	15				70.0%	\$ 19	\$ 6,000	70.0%	\$ 19	\$ 6,000
2027	15				67.5%	\$ 15	\$ 7,000	67.5%	\$ 15	\$ 7,000
2028	15				65.0%	\$ 10	\$ 7,500	65.0%	\$ 10	\$ 7,500
2029		No Tax Levied								

The Assembly maintained the schedule enacted by the 2017 Assembly. The Budget includes \$123.8 million for distribution through the Motor Vehicle Excise Tax Phase-Out program; this includes \$11.2 million above current law requirements as part of the Municipal COVID Relief fund.

Municipal Incentive Aid. The Municipal Incentive Aid program, which encouraged sustainable funding of retirement plans and reduction of unfunded liabilities was conceived as a three-year program. FY 2016 was the third and final year. For FY 2016, Johnston did not meet the funding requirements for eligibility and its payment was reappropriated to FY 2017. The final FY 2017 budget included the reappropriated FY 2016 Johnston aid but as Johnston remained ineligible, its share was redistributed amongst the other communities in May 2017.

Aid was distributed on the basis of the most recent estimate of population of each municipality as a share of the total state population, as reported by the Bureau of the Census in the year the payment is made.

Program payments were made in March of each year. If a municipality was not eligible to receive aid, its share may have been reappropriated to the following fiscal year. To receive the prior and current years' share of aid, the municipality had to meet the funding requirements for both years.

General Revenue Sharing. Beginning in FY 1994, a portion of total state tax revenues from the second prior fiscal year have been earmarked as state aid to cities and towns and distributed based on per capita income and local tax burdens for public purposes. The FY 1999 budget began increasing the percentage of shared revenues as a mechanism for reimbursing municipalities for lost local revenues from the ten-year phase-out of the inventory tax. Legislation in 2005 and 2006 dedicated a portion of video lottery net terminal income, up to \$10.0 million, would be dedicated to the program for non-distressed communities. The 2009 Assembly adopted the Governor's recommendation to subject the program to appropriation. It has not been funded since FY 2009.

Restricted Use State Aid

Library Resource Sharing Aid. Current law requires the state to support local libraries via grants-in-aid at a level equivalent to 25.0 percent of the amount appropriated and expended from local tax revenues in the second prior fiscal year by the municipalities in which the libraries are located.

Aid remained relatively stable from FY 1991 through FY 1997. For FY 1998, the General Assembly appropriated an additional \$1.0 million to begin increasing funding to meet the 25.0 percent program requirement by FY 2000. The state is also required to fund 100 percent of the administrative and operating costs of the Rhode Island Library Network. It should be noted that the 25.0 percent requirement also applies to institutional libraries; however, that funding is not shown in this report as local aid.

The 2003 Assembly amended the statute to include Providence Public Library endowment funding as part of the local effort; the annual amount of endowment funds that may be included is capped at 6.0 percent of the three-year average market value of the endowment, calculated at the end of the calendar year. The 2004 Assembly further amended the laws to extend this allowance to all libraries.

For FY 2009, the Assembly enacted legislation to reduce the maintenance of effort requirement for municipalities to library services funding of at least 80.0 percent of the previous fiscal year. The 2009 Assembly enacted legislation to continue allowing communities to meet the 80.0 percent maintenance of effort for libraries to qualify for state library aid.

The chief library officer annually determines each municipality's compliance with the maintenance of effort requirement by comparing appropriation and expenditure amounts as reported by the libraries or the municipalities. In the event that a municipality has failed to meet the maintenance of effort requirement, the chief library officer will notify the municipality that it is not eligible for a state grant-in-aid. A municipality that is deemed ineligible may request a waiver from the requirement by submitting a letter to the chief library officer.

Included in this aid program is the library resources services grant, which is provided to the Providence Public Library to serve as the state's reference resource center. The program is intended to provide high-quality reference services to libraries and their patrons, including research area-specific databases, librarian-assisted research, and some tutoring services. It had historically been funded at \$1.0 million per year. The 2016 Assembly concurred with the Governor's recommendation to reduce the statewide library resource reference grant to \$0.7 million.

The Assembly provided the enacted amount of \$9.6 million for state support of public libraries. Current law allows 25.0 percent reimbursement of second prior year expenditures, subject to appropriation. The funds represent a 21.7 percent reimbursement.

Library Construction Aid. State law establishes a library construction aid program, administered by the Office of Library and Information Services, which provides the authority to make grants-in-aid to a municipality or a free public library for construction of or capital improvements to any free public library to provide better services to the public.

The state grants-in-aid are limited to a maximum of 50.0 percent of total eligible costs, as determined by the Office of Library and Information Services. The grants are paid on an installment basis for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of a project. During the repayment period, the state share may include the costs of interest on the state share of the project costs if the municipality or free public library was required to borrow the state's share of the project costs.

Reimbursable costs also include any cost of borrowing for the state share during the construction period. Examples of costs ineligible for state funds include fundraising or public relations costs incurred by the municipality or the free library. In a case where the library is a component of local government, payments are made to the municipality. Payments are made directly to free public libraries.

Library construction aid is considered indirect aid. Payments are not necessarily made to a local government; some are made directly to free public libraries, and therefore cannot be considered traditional local aid. Additionally, funds are targeted for specific use and are not for general support of the local government or free library budget.

The 2011 Assembly adopted legislation to impose a three-year moratorium on the acceptance of applications for library construction aid projects through July 1, 2014. The Assembly provided \$2.7 million for FY 2021 based on expected reimbursements, \$0.8 million more than the enacted amount.

State and Municipal Police Incentive Pay. The Rhode Island General Laws establish the Municipal Police Incentive Pay program. The purpose is to provide financial compensation to members of the state, city and town police departments, sheriffs and deputy sheriffs, members of the Rhode Island marshals' unit, Rhode Island Capitol Police, park police and conservation officers of the Division of Enforcement in the Department of Environmental Management, and the state fire marshal and deputy fire marshals who have earned college credits in the field of police work.

The amount of the incentive is based on a point system, which is related to the individual's level of educational attainment. The state payments go directly to the municipalities which, in turn, make payments to the participants in the program. The Governor proposed to eliminate the program for FY 2009; the 2008 Assembly maintained it in the general laws, but no funding has been provided since. Municipalities are still required to reimburse police officers for eligible expenses incurred in earning credits associated with the program.

Municipal Firefighters Incentive Pay. Current law establishes a Municipal Firefighters Incentive Pay program. The purpose of this program is to provide financial compensation to members of the municipal fire departments and fire districts, the Cumberland Rescue Department and emergency service technicians of the Town of Lincoln who have furthered their education at the college level.

The amount of the incentive is based on a point system, which is related to the individual's level of educational attainment. The state payments go directly to the municipalities which, in turn, make payments to the participants in the program. The Governor proposed to eliminate the program for FY 2009; the 2008 Assembly maintained it in the general laws, but no funding has been provided since. Current law does not require that municipalities reimburse firefighters for eligible expenses; however, some municipalities do so voluntarily.

Property Revaluation Reimbursement. Section 44-5-11.6 of the Rhode Island General Laws requires that municipalities update property valuations using statistical techniques every third and sixth year after a full revaluation. The statute also requires that the state reimburse municipalities for 100 percent of the cost of the first update, not to exceed \$20 per parcel. Reimbursements for subsequent updates are 80.0 percent for the second statistical update and 60.0 percent for the third and all subsequent updates. A distressed community will receive 80.0 percent reimbursement for the second and all subsequent updates. The reimbursement is made upon receipt of bills for completion of the revaluation.

The Assembly provided \$1.1 million for FY 2021, \$0.4 million more than enacted to reflect anticipated expenses for maximum allowable reimbursements for communities scheduled to complete revaluations. The state does not reimburse non-distressed municipalities for complete revaluations, only for updates. The following table includes the enacted amount for FY 2021 and actual expenditures since FY 2012.

Fiscal Year	Expenditures	Fiscal Year	Expenditures
2012	\$ 905,250	2017	\$ 446,302
2013	\$ 889,640	2018	\$ 732,812
2014	\$ 436,537	2019	\$ 1,023,245
2015	\$ 681,508	2020	\$ 585,632
2016	\$ 1,300,849	2021*	\$ 1,118,610

**Enacted Budget*

Oversight Reimbursement. Rhode Island General Law, Sections 45-9-10 and 45-9-10.1 require that the state reimburse 50.0 percent of the cost of an official to act as a financial advisor to municipalities no longer subject to state Fiscal Stability Act oversight. No funding is provided for FY 2021 as the final eligible community exited oversight on March 20, 2020.

Pass-Through Revenues

Public Service Corporation Tax. The Assembly provided the state will collect \$13.2 million of property taxes from public service corporations on behalf of municipalities and pass that back to them for FY 2021. A final figure will be calculated in spring 2021 when updated data is available. The 2009 Assembly adopted the Governor's recommendation to require the tax rate applied to the tangible personal property of public service corporations not be less than the prior year. Annual tax collections had dropped from \$16.6 million in FY 2004 to \$10.2 million in FY 2010. The statute allows for the use of up to 0.75 percent for administrative expenses; these funds are deposited as general revenues.

The tangible personal property of telegraph, cable, and telecommunications corporations and express corporations used exclusively in conducting business for the corporation is exempt from local taxation under current law; however, it is subject to taxation by the state. Tangible personal property includes lines, cables, ducts, pipes, machines and machinery, and equipment.

By March 1 of each year, companies are required to declare the value of their tangible personal property to the Department of Revenue, which uses this data to calculate the taxes due from each company. The calculation is based on the average assessment ratios in the state and the average property tax rate. Funds are collected by the Department and distributed as prescribed in statute. The statewide average assessment ratio is the total gross statewide assessment divided by the total statewide value. The average property tax rate is calculated as the total statewide levy divided by the statewide net assessment. Funds collected by the state from this tax are distributed to cities and towns on the basis of the ratio of city or town population to the population of the state as a whole. It should be noted that while this category of state aid is displayed in the tables later in this report, the funds are not appropriated by the General Assembly.

Other Local Revenues

Meals and Beverage. The 2003 Assembly enacted a one percent additional tax on gross receipts from sale of food and beverages sold in or from eating and drinking establishments effective August 1, 2003. Meals are defined as food sold ready for immediate consumption, regardless of when or where consumed. Eating establishments include all entities preparing these foods, including caterers. The Division of Taxation collects the tax and distributes it to the city or town where the meals and beverages were delivered. Collections for the last five fiscal years are shown in the following table.

Fiscal Year	Total Collections
2020	\$ 26,153,929
2019	\$ 28,297,063
2018	\$ 28,896,727
2017	\$ 26,337,072
2016	\$ 25,683,737

While not a direct appropriation, the Budget assumes these revenues will total \$24.8 million for FY 2021 based on current estimates provided by the Office of Revenue Analysis updated in November 2020.

Hotel Tax. The 2004 Assembly enacted a one percent additional tax on occupancy charges, effective January 1, 2005. The tax is paid by anyone receiving monetary charge for occupancy of any space furnished in a structure with a minimum of one room that is kept, used, maintained, advertised as or held out to the public to be a space where living quarters are supplied for pay to transient use. The Division of Taxation collects the tax for all except the City of Newport and distributes it to the city or town where the occupancy occurred. An expansion of the types of lodging to which this tax applies has increased recent collections. Collections for the last five fiscal years are shown in the following table.

Fiscal Year	Total Collections
2020	\$ 4,299,317
2019	\$ 5,072,892
2018	\$ 5,070,279
2017	\$ 4,415,901
2016	\$ 4,057,884

While not a direct appropriation, the Budget assumes the local revenues will total \$4.2 million for FY 2021 based on current estimates provided by the Office of Revenue Analysis updated in November 2020.

For additional information, the tables at the end of this section show recent distribution from these sources.

Distribution by Community

General Aid Total

Includes Distressed Communities, PILOT, Motor Vehicles Excise Tax*, and Municipal COVID Relief Fund

<i>City or Town</i>	<i>FY 2021 Gov. Rec.</i>	<i>H 7171, Sub. A Gen. Rev.</i>	<i>H 7171, Sub. A Municipal CRF</i>	<i>FY 2021 Enacted</i>	<i>Change to Gov. Rec.</i>
Barrington	\$ 2,355,092	\$ 891,349	\$ 2,160,744	\$ 3,052,093	\$ 697,002
Bristol	2,260,273	884,088	1,970,204	2,854,291	594,019
Burrillville	2,282,247	866,516	2,070,721	2,937,236	654,989
Central Falls	1,280,432	494,611	1,311,643	1,806,254	525,822
Charlestown	352,034	128,064	385,190	513,255	161,221
Coventry	2,261,441	834,946	2,290,375	3,125,321	863,880
Cranston	16,990,355	6,767,112	15,175,013	21,942,124	4,951,769
Cumberland	2,112,960	770,174	2,215,334	2,985,508	872,548
East Greenwich	1,286,904	523,981	1,099,625	1,623,605	336,701
East Providence	4,607,620	535,333	4,881,225	5,416,558	808,938
Exeter	797,067	924,449	49,744	974,193	177,127
Foster	665,553	249,511	619,102	868,614	203,061
Glocester	873,383	321,860	868,767	1,190,627	317,244
Hopkinton	635,970	235,834	629,729	865,564	229,594
Jamestown	123,206	47,828	154,234	202,063	78,857
Johnston	4,660,631	1,784,056	4,140,456	5,924,511	1,263,881
Lincoln	1,330,542	444,524	1,593,286	2,037,810	707,268
Little Compton	79,230	30,974	97,519	128,494	49,264
Middletown	458,356	151,439	620,240	771,679	313,323
Narragansett	361,074	140,703	443,158	583,861	222,787
Newport	2,094,468	860,200	1,640,112	2,500,313	405,845
New Shoreham	69,920	26,685	146,710	173,395	103,475
North Kingstown	1,061,914	329,269	1,448,768	1,778,036	716,122
North Providence	5,460,338	2,120,679	5,204,571	7,325,250	1,864,912
North Smithfield	1,791,666	674,948	1,652,725	2,327,673	536,007
Pawtucket	10,624,248	4,133,399	9,704,042	13,837,440	3,213,193
Portsmouth	671,814	233,872	806,035	1,039,907	368,093
Providence	58,378,837	23,862,751	46,266,035	70,128,785	11,749,948
Richmond	532,466	196,432	538,971	735,403	202,937
Scituate	372,898	144,037	431,088	575,126	202,228
Smithfield	3,146,966	1,190,265	2,888,317	4,078,581	931,615
South Kingstown	1,185,924	409,480	1,425,837	1,835,317	649,393
Tiverton	395,519	154,991	470,471	625,461	229,942
Warren	788,472	289,838	794,792	1,084,630	296,158
Warwick	8,957,647	3,242,271	8,976,774	12,219,045	3,261,399
Westerly	2,160,308	788,065	2,174,198	2,962,263	801,955
West Greenwich	437,832	159,211	635,529	794,740	356,907
West Warwick	2,548,279	949,463	2,787,695	3,737,157	1,188,878
Woonsocket	6,449,805	2,546,745	5,759,142	8,305,887	1,856,083
Subtotal	\$ 152,903,691	\$ 59,339,953	\$ 136,528,120	\$ 195,868,073	\$ 42,964,382
MV Phase Out - Fire Districts	123,979	172,109	-	172,109	48,130
Total	\$ 153,027,670	\$ 59,512,062	\$ 136,528,120	\$ 196,040,182	\$ 43,012,512

*2020-H 7171A reflects FY 2020 levy; distribution subject to revision updated data.

Distressed Communities Relief

<i>City or Town</i>	<i>FY 2021 Gov. Rec.</i>	<i>H 7171, Sub. A Gen. Rev.</i>	<i>H 7171, Sub. A Municipal CRF</i>	<i>FY 2021 Enacted</i>	<i>Change to Gov. Rec.</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-	-
Burrillville	-	-	-	-	-
Central Falls	110,055	45,856	199,946	245,802	135,748
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	1,335,630	556,512	2,426,563	2,983,075	1,647,446
Cumberland	-	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	-	-	-	-	-
Exeter	-	-	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	-	-
Lincoln	-	-	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	480,580	200,242	873,115	1,073,357	592,777
North Smithfield	-	-	-	-	-
Pawtucket	731,357	304,732	1,328,725	1,633,458	902,100
Portsmouth	-	-	-	-	-
Providence	2,689,318	1,120,549	4,885,935	6,006,484	3,317,166
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warren	-	-	-	-	-
Warwick	-	-	-	-	-
Westerly	-	-	-	-	-
West Greenwich	-	-	-	-	-
West Warwick	460,708	191,962	837,011	1,028,973	568,265
Woonsocket	384,581	160,242	698,704	858,947	474,365
Total	\$ 6,192,229	\$ 2,580,095	\$ 11,250,000	\$ 13,830,095	\$ 7,637,866

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2021 Gov. Rec.</i>	<i>H 7171, Sub. A Gen. Rev.</i>	<i>H 7171, Sub. A Municipal CRF</i>	<i>FY 2021 Enacted</i>	<i>Change to Gov. Rec.</i>
Barrington	\$ 16,530	\$ 6,887	\$ 11,298	\$ 18,185	\$ 1,655
Bristol	1,280,619	533,591	875,243	1,408,834	128,215
Burrillville	99,316	41,382	67,878	109,259	9,943
Central Falls	-	-	-	-	-
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	4,815,713	2,006,547	3,291,313	5,297,860	482,147
Cumberland	-	-	-	-	-
East Greenwich	719,030	299,596	491,423	791,019	71,989
East Providence	254,226	105,927	173,752	279,679	25,453
Exeter	-	-	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	-	-
Lincoln	-	-	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	1,609,854	670,773	1,100,259	1,771,032	161,177
New Shoreham	-	-	-	-	-
North Kingstown	1,086	453	742	1,195	108
North Providence	-	-	-	-	-
North Smithfield	-	-	-	-	-
Pawtucket	3,521	1,467	2,406	3,873	352
Portsmouth	-	-	-	-	-
Providence	34,077,915	14,199,131	23,290,645	37,489,776	3,411,862
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	865,716	360,715	591,676	952,391	86,675
South Kingstown	210,219	87,591	143,675	231,266	21,047
Tiverton	-	-	-	-	-
Warren	-	-	-	-	-
Warwick	1,536,665	640,277	1,050,238	1,690,515	153,850
Westerly	162,421	67,675	111,007	178,683	16,262
West Greenwich	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	436,673	181,947	298,445	480,393	43,720
Total	\$ 46,089,504	\$ 19,203,960	\$ 31,500,000	\$ 50,703,960	\$ 4,614,456

Motor Vehicle Excise Phase-Out*

<i>City or Town</i>	<i>FY 2021 Gov. Rec.</i>	<i>H 7171, Sub. A Gen. Rev.</i>	<i>H 7171, Sub. A Municipal CRF</i>	<i>FY 2021 Enacted</i>	<i>Change to Gov. Rec.</i>
Barrington	\$ 2,338,562	\$ 884,462	\$ 2,030,784	\$ 2,915,246	\$ 576,684
Bristol	979,654	350,497	931,880	1,282,376	302,722
Burrillville	2,182,931	825,134	1,882,164	2,707,298	524,367
Central Falls	1,170,377	448,755	969,534	1,418,289	247,911
Charlestown	352,034	128,064	328,126	456,190	104,156
Coventry	2,261,441	834,946	2,036,775	2,871,721	610,280
Cranston	10,839,012	4,204,052	8,861,583	13,065,635	2,226,623
Cumberland	2,112,960	770,174	1,961,170	2,731,343	618,384
East Greenwich	567,874	224,385	495,914	720,298	152,424
East Providence	4,353,394	429,406	4,359,446	4,788,852	435,457
Exeter	797,067	924,449	-	924,449	127,382
Foster	665,553	249,511	584,710	834,221	168,668
Glocester	873,383	321,860	794,964	1,116,825	243,442
Hopkinton	635,970	235,834	570,237	806,071	170,102
Jamestown	123,206	47,828	113,922	161,751	38,545
Johnston	4,660,631	1,784,056	3,926,024	5,710,079	1,049,449
Lincoln	1,330,542	444,524	1,434,532	1,879,056	548,514
Little Compton	79,230	30,974	71,811	102,785	23,555
Middletown	458,356	151,439	502,312	653,751	195,394
Narragansett	361,074	140,703	329,102	469,805	108,731
Newport	484,614	189,428	358,230	547,657	63,044
New Shoreham	69,920	26,685	140,644	167,330	97,409
North Kingstown	1,060,828	328,816	1,255,803	1,584,619	523,791
North Providence	4,979,758	1,920,437	4,093,376	6,013,814	1,034,056
North Smithfield	1,791,666	674,948	1,562,148	2,237,096	445,430
Pawtucket	9,889,370	3,827,200	7,846,596	11,673,796	1,784,426
Portsmouth	671,814	233,872	678,278	912,150	240,336
Providence	21,611,604	8,543,071	16,773,340	25,316,411	3,704,806
Richmond	532,466	196,432	483,036	679,468	147,002
Scituate	372,898	144,037	353,318	497,355	124,457
Smithfield	2,281,250	829,550	2,137,990	2,967,539	686,289
South Kingstown	975,705	321,889	1,056,727	1,378,616	402,911
Tiverton	395,519	154,991	354,464	509,454	113,935
Warren	788,472	289,838	717,865	1,007,703	219,231
Warwick	7,420,982	2,601,994	7,348,241	9,950,235	2,529,253
Westerly	1,997,887	720,389	1,897,249	2,617,639	619,751
West Greenwich	437,832	159,211	590,207	749,418	311,586
West Warwick	2,087,571	757,501	1,738,305	2,495,806	408,235
Woonsocket	5,628,551	2,204,556	4,457,313	6,661,869	1,033,318
Subtotal	\$ 100,621,958	\$ 37,555,898	\$ 86,028,120	\$ 123,584,018	\$ 22,962,060
MV Phase Out - Fire Districts	123,979	172,109	-	172,109	48,130
Total	\$ 100,745,937	\$ 37,728,007	\$ 86,028,120	\$ 123,756,127	\$ 23,010,190

*2020-H 7171A reflects FY 2020 levy; distribution subject to revision updated data.

Municipal COVID Relief Fund

City or Town	Motor Vehicle				
	Distressed	Payment in Lieu	Excise	Per Capita	FY 2021
	Communities	of Taxes	Phase-Out	Funding	Enacted
	Distribution Formula				
Barrington	\$ -	\$ 11,298	\$ 2,030,784	\$ 118,662	\$ 2,160,744
Bristol	-	875,243	931,880	163,081	1,970,204
Burrillville	-	67,878	1,882,164	120,679	2,070,721
Central Falls	199,946	-	969,534	142,163	1,311,643
Charlestown	-	-	328,126	57,065	385,190
Coventry	-	-	2,036,775	253,600	2,290,375
Cranston	2,426,563	3,291,313	8,861,583	595,554	15,175,013
Cumberland	-	-	1,961,170	254,164	2,215,334
East Greenwich	-	491,423	495,914	112,288	1,099,625
East Providence	-	173,752	4,359,446	348,028	4,881,225
Exeter	-	-	-	49,744	49,744
Foster	-	-	584,710	34,393	619,102
Glocester	-	-	794,964	73,802	868,767
Hopkinton	-	-	570,237	59,492	629,729
Jamestown	-	-	113,922	40,312	154,234
Johnston	-	-	3,926,024	214,432	4,140,456
Lincoln	-	-	1,434,532	158,754	1,593,286
Little Compton	-	-	71,811	25,708	97,519
Middletown	-	-	502,312	117,928	620,240
Narragansett	-	-	329,102	114,056	443,158
Newport	-	1,100,259	358,230	181,624	1,640,112
New Shoreham	-	-	140,644	6,066	146,710
North Kingstown	-	742	1,255,803	192,222	1,448,768
North Providence	873,115	-	4,093,376	238,079	5,204,571
North Smithfield	-	-	1,562,148	90,577	1,652,725
Pawtucket	1,328,725	2,406	7,846,596	526,314	9,704,042
Portsmouth	-	-	678,278	127,757	806,035
Providence	4,885,935	23,290,645	16,773,340	1,316,115	46,266,035
Richmond	-	-	483,036	55,935	538,971
Scituate	-	-	353,318	77,771	431,088
Smithfield	-	591,676	2,137,990	158,651	2,888,317
South Kingstown	-	143,675	1,056,727	225,434	1,425,837
Tiverton	-	-	354,464	116,007	470,471
Warren	-	-	717,865	76,927	794,792
Warwick	-	1,050,238	7,348,241	578,295	8,976,774
Westerly	-	111,007	1,897,249	165,942	2,174,198
West Greenwich	-	-	590,207	45,322	635,529
West Warwick	837,011	-	1,738,305	212,378	2,787,695
Woonsocket	698,704	298,445	4,457,313	304,679	5,759,142
Total	\$ 11,250,000	\$ 31,500,000	\$ 86,028,120	\$ 7,750,000	\$ 136,528,120

Library Aid

<i>City or Town</i>	<i>FY 2020 Enacted ¹</i>	<i>FY 2021 Gov. Rec.</i>	<i>FY 2021 Rec. to Enacted</i>	<i>FY 2021 Enacted</i>	<i>Change to Gov. Rec.</i>
Barrington	\$ 382,079	\$ 375,185	\$ (6,894)	\$ 375,185	\$ -
Bristol	194,460	194,607	147	194,607	-
Burrillville	173,742	184,839	11,098	184,839	-
Central Falls	32,114	31,752	(362)	31,752	-
Charlestown	52,487	52,802	316	52,802	-
Coventry	231,669	229,468	(2,202)	229,468	-
Cranston	622,485	638,834	16,350	638,834	-
Cumberland	283,035	297,545	14,511	297,545	-
East Greenwich	129,591	132,534	2,943	132,534	-
East Providence	420,617	411,631	(8,986)	411,631	-
Exeter	52,255	53,203	948	53,203	-
Foster	33,391	33,861	470	33,861	-
Glocester	79,565	78,704	(860)	78,704	-
Hopkinton	36,702	35,851	(852)	35,851	-
Jamestown	107,185	108,139	955	108,139	-
Johnston	119,439	125,400	5,961	125,400	-
Lincoln	209,703	213,729	4,026	213,729	-
Little Compton	35,772	36,164	393	36,164	-
Middletown	144,623	142,580	(2,043)	142,580	-
Narragansett	186,191	177,025	(9,166)	177,025	-
Newport	409,617	402,053	(7,564)	402,053	-
New Shoreham	91,829	90,133	(1,696)	90,133	-
North Kingstown	297,091	297,608	517	297,608	-
North Providence	198,233	197,202	(1,031)	197,202	-
North Smithfield	79,060	79,629	569	79,629	-
Pawtucket	415,582	408,981	(6,601)	408,981	-
Portsmouth	116,067	116,092	24	116,092	-
Providence*	2,027,820	2,002,232	(25,588)	2,002,232	-
Richmond	24,997	24,736	(261)	24,736	-
Scituate	105,942	106,425	483	106,425	-
Smithfield	304,595	307,560	2,965	307,560	-
South Kingstown	225,105	231,439	6,333	231,439	-
Tiverton	125,071	122,762	(2,310)	122,762	-
Warren	57,521	60,853	3,331	60,853	-
Warwick	772,285	779,794	7,508	779,794	-
Westerly	317,009	307,643	(9,366)	307,643	-
West Greenwich	39,028	44,294	5,266	44,294	-
West Warwick	162,581	165,207	2,626	165,207	-
Woonsocket	202,925	200,967	(1,959)	200,967	-
	\$ 9,499,463	\$ 9,499,463	\$ -	\$ 9,499,463	\$ -
Institutional Libraries	62,609	62,609	-	62,609	-
Total	\$ 9,562,072	\$ 9,562,072	\$ -	\$ 9,562,072	\$ -

*Includes the Statewide Reference Library Resource Grant.

¹ Adjusted from prior publications to correct discrepancies

Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2020 Enacted</i>	<i>FY 2021 Gov. Rec.*</i>	<i>FY 2021 Rec. to Enacted</i>	<i>FY 2021 Enacted*</i>	<i>Change to Gov. Rec.</i>
Barrington	\$ 204,412	\$ 204,412	\$ -	\$ 201,493	\$ (2,920)
Bristol	281,297	281,297	-	276,918	(4,378)
Burrillville	206,240	206,240	-	204,918	(1,322)
Central Falls	244,455	244,455	-	241,398	(3,058)
Charlestown	97,833	97,833	-	96,898	(935)
Coventry	439,541	439,541	-	430,622	(8,918)
Cranston	1,020,662	1,020,662	-	1,011,274	(9,388)
Cumberland	434,814	434,814	-	431,581	(3,233)
East Greenwich	165,037	165,037	-	162,821	(2,217)
East Providence	597,746	597,746	-	590,964	(6,782)
Exeter	85,216	85,216	-	84,468	(748)
Foster	59,100	59,100	-	58,400	(700)
Glocester	125,952	125,952	-	125,319	(633)
Hopkinton	102,244	102,244	-	101,020	(1,224)
Jamestown	69,385	69,385	-	68,451	(934)
Johnston	367,521	367,521	-	364,114	(3,407)
Lincoln	272,625	272,625	-	269,570	(3,055)
Little Compton	44,379	44,379	-	43,654	(725)
Middletown	202,925	202,925	-	200,247	(2,678)
Narragansett	196,636	196,636	-	193,671	(2,965)
Newport	311,887	311,887	-	308,404	(3,483)
New Shoreham	10,461	10,461	-	10,300	(161)
North Kingstown	329,948	329,948	-	326,401	(3,547)
North Providence	407,678	407,678	-	404,268	(3,409)
North Smithfield	155,042	155,042	-	153,803	(1,239)
Pawtucket	904,592	904,592	-	893,702	(10,890)
Portsmouth	220,104	220,104	-	216,936	(3,168)
Providence	2,262,538	2,262,538	-	2,234,814	(27,723)
Richmond	95,892	95,892	-	94,980	(912)
Scituate	132,708	132,708	-	132,057	(650)
Smithfield	272,386	272,386	-	269,396	(2,990)
South Kingstown	387,095	387,095	-	382,796	(4,299)
Tiverton	200,026	200,026	-	196,984	(3,042)
Warren	132,242	132,242	-	130,625	(1,616)
Warwick	1,023,675	1,023,675	-	1,009,817	(13,858)
Westerly	285,179	285,179	-	281,776	(3,403)
West Greenwich	77,111	77,111	-	76,958	(154)
West Warwick	361,849	361,849	-	360,627	(1,223)
Woonsocket	523,168	523,168	-	517,357	(5,811)
Total	\$ 13,311,601	\$ 13,311,601	\$ -	\$ 13,159,804	\$ (151,797)

*FY 2020 based on prior data; FY 2021 Enacted reflects actual data.

Meals and Beverage Tax

<i>City or Town</i>	<i>FY 2017</i>	<i>FY 2018</i>	<i>FY 2019</i>	<i>FY 2020</i>	<i>FY 2021*</i>
Barrington	\$ 178,288	\$ 184,739	\$ 195,499	\$ 152,985	\$ 144,845
Bristol	490,293	451,567	474,409	416,000	393,865
Burrillville	195,692	214,442	221,434	186,986	177,036
Central Falls	123,031	142,982	128,331	132,792	125,726
Charlestown	173,879	187,253	189,078	152,990	144,849
Coventry	437,307	466,386	442,965	438,323	415,000
Cranston	1,818,951	1,975,488	2,027,876	1,858,687	1,759,785
Cumberland	481,440	539,876	514,176	506,646	479,688
East Greenwich	809,903	694,380	683,524	634,609	600,841
East Providence	1,005,535	1,076,247	1,098,154	986,260	933,781
Exeter	105,533	116,466	114,565	111,618	105,679
Foster	17,661	23,382	20,847	16,898	15,999
Glocester	74,338	75,453	82,812	74,640	70,668
Hopkinton	45,689	53,522	56,874	48,734	46,140
Jamestown	94,108	90,468	85,554	69,411	65,718
Johnston	624,339	709,170	760,660	683,594	647,219
Lincoln	791,292	811,829	830,812	685,299	648,834
Little Compton	68,507	65,110	58,794	48,533	45,951
Middletown	730,305	810,338	833,415	723,622	685,118
Narragansett	627,427	697,787	685,665	629,826	596,313
Newport	2,235,459	2,641,064	2,493,288	2,223,684	2,105,361
New Shoreham	358,555	376,358	392,629	374,252	354,338
North Kingstown	532,105	624,355	634,782	579,873	549,018
North Providence	352,137	397,108	399,707	426,666	403,963
North Smithfield	304,746	302,535	309,588	314,651	297,908
Pawtucket	865,294	945,504	952,426	939,512	889,521
Portsmouth	238,740	279,811	285,976	271,232	256,800
Providence	5,463,457	6,246,967	5,586,483	5,252,178	4,972,708
Richmond	142,210	145,562	143,403	135,091	127,902
Scituate	54,994	67,639	65,021	61,551	58,276
Smithfield	755,766	796,851	852,674	820,099	776,461
South Kingstown	859,118	911,785	968,694	871,225	824,866
Tiverton	224,686	253,167	303,474	278,459	263,642
Warren	297,499	319,510	289,579	300,451	284,464
Warwick	2,890,427	3,188,368	3,018,267	2,784,958	2,636,770
Westerly	883,820	930,904	990,459	859,102	813,389
West Greenwich	126,823	122,462	116,905	128,869	122,012
West Warwick	345,927	392,007	414,732	407,763	386,066
Woonsocket	511,790	567,885	573,533	565,861	535,751
Total	\$ 26,337,072	\$ 28,896,727	\$ 28,297,063	\$ 26,153,929	\$ 24,762,270

**Projections from Office of Revenue Analysis updated in November*

Local Hotel Tax

<i>City or Town</i>	<i>FY 2017</i>	<i>FY 2018</i>	<i>FY 2019</i>	<i>FY 2020</i>	<i>FY 2021*</i>
Barrington	\$ 1,774	\$ 2,661	\$ 2,629	\$ 2,208	\$ 2,208
Bristol	25,315	29,156	35,008	27,017	26,256
Burrillville	-	28	73	82	82
Central Falls	287	53	215	548	548
Charlestown	47,760	58,621	44,558	58,299	58,042
Coventry	43,530	47,776	43,483	32,059	30,966
Cranston	9,198	11,427	7,982	31,302	30,264
Cumberland	709	745	208	156	156
East Greenwich	292	513	1,411	1,073	1,062
East Providence	19,545	20,952	27,717	29,251	28,338
Exeter	43	-	12	88	88
Foster	117	282	397	158	153
Glocester	1,188	1,357	1,529	1,308	1,265
Hopkinton	4,494	1,123	613	75	64
Jamestown	15,793	19,766	29,117	17,826	17,728
Johnston	3,683	3,338	3,747	2,926	2,826
Lincoln	48,089	50,036	63,347	49,914	48,182
Little Compton	14,890	16,262	21,730	18,907	18,805
Middletown	396,390	490,943	507,332	420,664	407,474
Narragansett	167,486	193,464	193,414	184,588	182,875
Newport	1,079,403	1,193,942	1,174,625	988,011	958,391
New Shoreham	299,889	478,072	412,757	387,796	383,382
North Kingstown	50,847	51,564	48,092	40,796	39,642
North Providence	1	231	712	1,130	1,130
North Smithfield	1,284	1,433	1,512	1,562	1,511
Pawtucket	1,736	40,109	47,400	36,664	35,438
Portsmouth	17,463	10,217	12,228	11,130	10,997
Providence	1,036,248	1,129,388	1,117,136	812,753	786,182
Richmond	1,951	3,023	5,629	3,144	3,105
Scituate	3,279	3,110	3,381	3,390	3,294
Smithfield	68,053	74,348	72,124	70,043	67,640
South Kingstown	86,591	100,203	100,606	108,122	105,352
Tiverton	1,076	3,117	9,365	11,909	11,598
Warren	1,313	704	1,228	(715)	(715)
Warwick	529,068	555,191	569,085	423,495	409,423
Westerly	300,400	329,908	364,507	398,716	388,927
West Greenwich	52,424	55,839	57,746	49,492	47,785
West Warwick	63,401	68,240	61,313	49,814	48,102
Woonsocket	20,892	23,137	28,923	23,616	22,835
Total	\$ 4,415,901	\$ 5,070,279	\$ 5,072,891	\$ 4,299,317	\$ 4,181,399

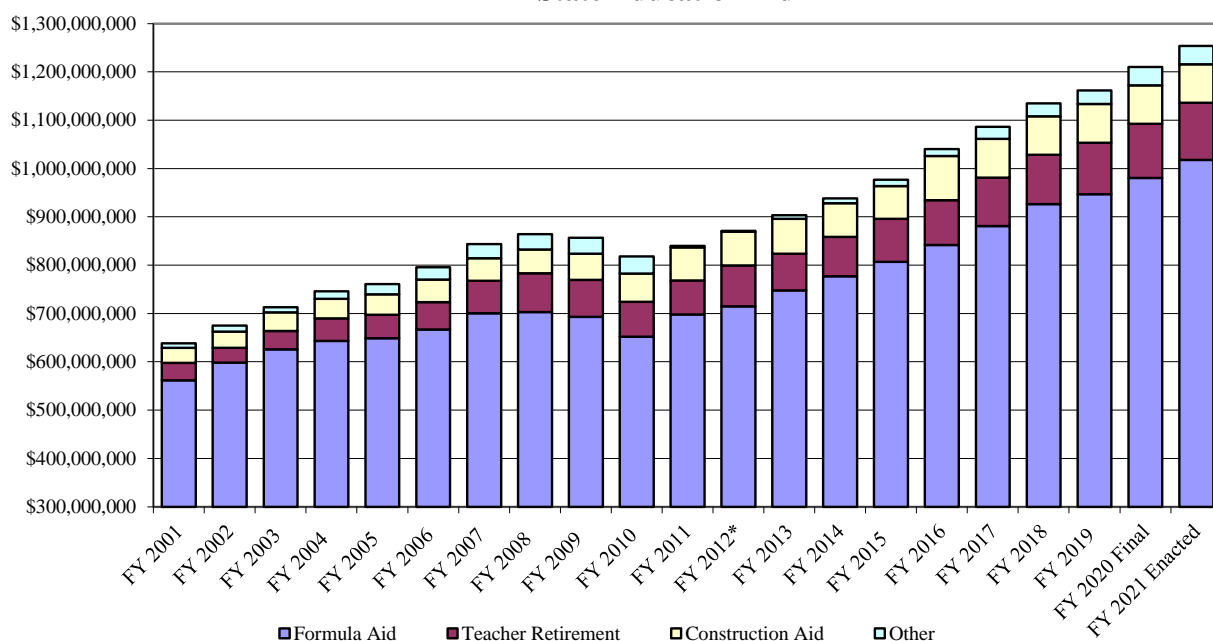
**Projections from Office of Revenue Analysis updated in November*

Education Aid

Summary

The Assembly enacted \$1,253.8 million for FY 2021 total aid for local school districts. This is \$45.0 million more than enacted for FY 2020 and \$1.5 million less than the Governor's recommendation. Funding for FY 2021 includes \$1,017.6 million in direct distributions to local school districts, \$36.8 million in categorical funding, \$1.0 million in other aid for distribution by the Department, \$118.4 million for the state's contribution to teacher retirement, and \$80.0 million for school construction costs.

State Education Aid



*Davies begins appearing with education aid

The 2010 Assembly adopted a funding formula to be effective with the FY 2012 budget that distributes aid to all districts, charter schools and the state schools: Davies Career and Technical School and the Metropolitan Career and Technical School. It is based on the principle that the money follows the student and includes a core instruction amount per pupil that every student will receive, a single poverty weight as a proxy for student supports, and a state share ratio that considers the district's ability to generate revenues and its poverty concentration. There is no minimum share in the formula. Group home aid is paid on a per-bed basis, adjusted for the impact of the funding formula.

The funding plan also allows for additional support from the state to districts for high-cost special education students, career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. There has been a redistribution of aid among communities with some getting less aid than prior years. In an effort to mitigate any losses to communities, the formula was phased in over a ten-year period. Gaining communities were fully-phased in by year seven and districts receiving less state aid had the remaining loss phased in over an additional three years. As FY 2021 represents the tenth year of the transition period, all districts are receiving formula state aid with no transition adjustments.

Since its inception, there have been various proposals to change the education funding formula. Based on the recommendations of a 2015 working group, the Assembly provided a category of aid for English

language learners and three years of support for districts with at least 5.0 percent of students enrolled in charter or state schools. The 2018 Assembly also established a voluntary three-year pilot program to support school resource officers beginning in FY 2019.

The FY 2021 budget includes \$1,017.6 million for direct aid to local school districts, an increase of 33.5 percent from the first year of the formula. The funding formula costs are driven by enrollment, wealth, and the core instruction amount. Since FY 2012, the per pupil core instruction amount has increased by \$1,977 or 23.7 percent, which is an annual increase of 2.4 percent. Aid per student has increased by \$1,734 or 32.2 percent during that same period, which is an annual increase of 3.2 percent. The table below shows these changes, as well as changes to enrollment, students in poverty, and average state share ratio since the first year of the funding formula. The formula provides a 40.0 percent weight for each student in poverty. The state share is determined using two factors: the full value of local property and the median family income as determined by the last five years of census data. Among all communities, the average state share ratio for FY 2021 is 38.1 percent. When weighted for the number of students, the average state share ratio is 55.0 percent; it was 52.5 percent when the formula began. Table 2 at the end of this report shows the funding formula calculation for FY 2021.

	FY 2012	FY 2017	FY 2020	FY 2021	FY 2021 Chg. to FY 2012	% FY 2021 Chg. to FY 2012	% Average Annual Change
Per Pupil Core Amount	\$ 8,333	\$ 9,100	\$ 9,871	\$ 10,310	\$ 1,977	23.7%	2.4%
Student Enrollment	140,913	141,278	142,306	142,361	1,448	1.0%	0.1%
Students in Poverty	63,446	69,630	67,972	68,373	4,927	7.8%	0.8%
Highest State Share Ratio	92.6%	94.4%	94.8%	94.6%	2.0%	2.2%	0.2%
Average State Share Ratio	38.7%	39.4%	38.4%	38.1%	-0.6%	-1.6%	-0.2%
Avg. Weighted State Share Ratio	52.5%	55.5%	55.0%	54.8%	2.3%	4.4%	0.5%
Aid Per Student	\$ 5,393	\$ 6,202	\$ 6,877	\$ 7,126	\$ 1,734	32.2%	3.2%

Education Aid by Component

The Budget includes \$1,253.8 million for FY 2021 education aid for distribution to districts including Central Falls, Davies Career and Technical Center, charter schools and the Metropolitan Career and Technical School. This also includes teacher retirement and school housing aid as well as other formula aid for distribution by the Department of Elementary and Secondary Education. This is \$45.0 million more than enacted for FY 2020 and \$43.8 million than the final FY 2020 appropriation.

The funding formula calculation for FY 2021 uses March 15, 2020 student enrollment data adjusted for FY 2021 charter school enrollments, a per pupil core instruction amount of \$10,310 and state share ratio variables updated with June 30, 2019 data. As FY 2021 is the tenth year of the transition period, all districts are receiving state aid as produced by the funding formula.

The 2016 Assembly enacted a measure that reduces the local tuition payments to charter and state schools by the greater of seven percent of the local per pupil funding or the district's "unique" costs. Unique costs are the per pupil value of the district's costs for preschool services and screening, services to students ages 18 to 21, career and technical education, out-of-district special education placements, retiree health benefits, debt service and rental costs offset by those same costs for charter schools. In the case of districts where the unique cost calculation is greater, local tuition payments to mayoral academies with teachers that do not participate in the state retirement system are further reduced by the value of the unfunded pension liability reflected in districts' per pupil cost.

The 2018 Assembly enacted legislation requiring the Department of Elementary and Secondary Education to estimate funding formula aid based on October 1 student enrollments by December 1. The report was submitted to the Budget Office and estimated total funding formula aid to be \$995.1 million, \$2.2 million

more than the Governor's recommended budget, adjusted for the \$3.3 million proposed to include prekindergarten students in the funding formula. This estimate also excludes the impact to any adjustments to stabilization funding that might occur with changes to funding formula aid for Central Falls and the state schools. Therefore, it appears that the aid recommendation could be understated by \$0.4 million. Excluding adjustments to stabilization funding, the March update produced an \$8.1 million increase to formula education aid.

The following table compares the FY 2021 enacted funding for the major components of education aid to the enacted and final FY 2020 budgets. It is followed by an explanation of each of the items in the table.

Education Aid	FY 2020 Enacted	FY 2020 Final	FY 2021 Enacted	Change to Enacted	Sub. A Chg. to Final
Operating Aid					
Local Districts	\$ 807,609,544	\$ 807,609,544	\$ 835,920,840	\$ 28,311,296	\$ 28,311,296
Central Falls	41,476,650	41,976,650	45,109,045	3,632,395	3,132,395
Met School*	9,342,007	9,342,007	9,342,007	-	-
Davies Career & Technical*	13,694,981	13,694,981	13,726,982	32,001	32,001
Charter Schools	100,979,327	101,063,056	108,849,009	7,869,683	7,785,954
UCAP	1,539,913	1,539,913	1,555,465	15,552	15,552
Group Homes Funding	3,233,153	3,267,153	3,049,982	(183,171)	(217,171)
Audit Adjustment	\$ 1,850,065	1,850,065	-	(1,850,065)	(1,850,065)
Subtotal	\$ 979,725,641	\$ 980,343,371	\$ 1,017,553,332	\$ 39,677,755	\$ 37,209,961
Categorical Funding					
High Cost Special Education	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ -	\$ -
Career and Technical	4,500,000	4,500,000	4,500,000	-	-
Early Childhood	14,850,000	14,850,000	14,850,000	-	-
Non-Public Transportation	3,038,684	3,038,684	3,038,684	-	-
Regional District Transportation	4,622,676	4,622,676	4,622,676	-	-
Multilingual Learners	5,000,000	5,000,000	5,000,000	-	-
School Resource Officer Support	1,000,000	325,000	325,000	(675,000)	-
Subtotal	\$ 37,511,360	\$ 36,836,360	\$ 36,836,360	\$ (675,000)	\$ -
Set-Aside Funds					
Textbook Loans	\$ 240,000	\$ 56,251	\$ 240,000	\$ -	\$ 183,749
School Breakfast	270,000	270,000	270,000	-	-
Recovery High School	500,000	500,000	500,000	-	-
Total	\$ 1,018,247,001	\$ 1,018,005,982	\$ 1,055,399,692	\$ 39,002,755	\$ 37,393,710
Other Aid					
Teacher Retirement	\$ 112,337,502	\$ 112,337,502	\$ 118,375,402	\$ 6,037,900	\$ 6,037,900
Construction Aid	78,984,971	78,649,186	79,130,193	145,222	481,007
School Building Authority Fund	1,015,029	1,015,029	869,807	(145,222)	(145,222)
Statewide Total	\$ 1,210,584,504	\$ 1,210,007,699	\$ 1,253,775,093	\$ 45,040,655	\$ 43,767,395

*Only reflects operating support consistent with other school districts. Capital projects funded from Rhode Island Capital Plan funds appear in the Department of Elementary and Secondary Education's operating budget.

Operating Aid

Local Districts. The Budget includes \$835.9 million for formula aid to locally operated school districts. This is \$28.3 million more than enacted.

Central Falls Operations. The Budget includes \$45.1 million for formula aid for the Central Falls School District. This is \$3.6 million or 8.8 percent more than FY 2020 enacted aid. Beginning with FY 2012, Central Falls is funded pursuant to the funding formula.

The formula includes a stabilization fund for the Central Falls School District until the city can begin paying its local share. This is the seventh year of stabilization funding and the Budget includes \$7.0 million. Compared to FY 2020, the formula produces a \$3.3 million increase reflecting new resident students to Central Falls. The final FY 2020 budget also increased stabilization funding for Central Falls by \$0.5 million to support the reported student growth that is not reflected in the formula data used.

Metropolitan Career and Technical School. The Budget includes \$9.3 million for formula aid for the Metropolitan Career and Technical School. This is consistent with funding for the last three years. The 2016 Assembly enacted a stabilization fund for the state schools in order to mitigate some of the losses in funding from the implementation of the funding formula and recognize the additional costs associated with running a stand-alone school that offers both academic and career and technical education. The Budget includes \$1.6 million in stabilization funding for the Met School, which is \$0.2 million less than enacted. This offsets the \$0.2 million increase reflecting year ten of the formula.

Prior to FY 2012, the Met School was fully state supported. The Met School is funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which it must pay to the School. Table 5 at the end of this report includes estimated enrollment for FY 2021.

Davies Career and Technical School. The Budget includes \$13.7 million from general revenues for formula aid to support the Davies Career and Technical School. This is \$32,001 more than the FY 2020 enacted level. The funding formula legislation requires that state schools participating in the state retirement system have their state aid adjusted to reflect reimbursement for the employer contributions for those staff employed by the state. The 2016 Assembly enacted a stabilization fund for the state schools in order to mitigate some of the losses in funding from the implementation of the funding formula and recognize the additional costs associated with running a stand-alone school that offers both academic and career and technical education. The Budget includes \$5.0 million from stabilization funding for Davies, \$0.1 million more than enacted and reflects a similar reduction reflecting year ten of the formula

Davies was fully state supported until FY 2012, but is now funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which it must pay to the School. Davies' operating budget is submitted as part of the Department's budget and Davies' employees are still state employees. Table 5 at the end of this report includes estimated enrollment by sending district for FY 2021.

Charter Schools. The Budget includes \$108.8 million for formula aid to charter schools. This is \$7.9 million more than the FY 2020 enacted level. Since FY 2012, charter schools are funded pursuant to the education funding formula, like other districts. The state share is that of the sending district for each student and the local contribution is the local per pupil cost of each sending district, which it must pay to the school. Districts are billed quarterly for students attending charter and state schools.

Charter schools are public schools authorized by the state to operate independently from many state and local district rules and regulations. The 2010 Assembly increased the statewide total to no more than 35 charters; it had previously been no more than 20 charters serving no more than 4.0 percent of the state's school age population. At least half of the 35 total charters are reserved for charter school applications designed to increase the educational opportunities for at-risk pupils. Mayoral academies are charter schools and are included in the total. There are currently 22 charter schools in Rhode Island. Table 5 at the end of this report includes estimated enrollment for FY 2021.

Urban Collaborative Accelerated Program. The Budget includes \$1.6 million for the eighth year of funding for the Urban Collaborative Accelerated Program (UCAP) for FY 2021. The 2012 Assembly adopted legislation requiring that the Urban Collaborative Accelerated Program is funded pursuant to the

education funding formula beginning in FY 2014. The program operates as an independent public school dedicated to reducing the dropout rates in Providence, Central Falls and Cranston. Table 5 at the end of this report includes estimated enrollment by sending district for FY 2021.

Group Homes. The Budget includes \$3.0 million for group home aid, based on 320 beds. The current per bed amount is \$26,000 for the group home beds associated with Bradley Hospital's residential CRAFT program and \$17,000 for all other group home beds. In FY 2021, there are 16 communities hosting group homes. The law requires that the number of group home beds be deducted from enrollment data for the purpose of determining average daily membership. Instead of showing the impact of group home beds on funding formula aid, the budget shows the impact in group home aid. Increases in beds prior to December 31 of each year are paid as part of the supplemental budget for that year. Decreases in beds are not reflected until the budget year so any decreases in group home beds during FY 2020 would not be reflected until FY 2021.

The 2007 Assembly enacted legislation to provide a per bed allotment to districts in which group homes are located. The legislation relieved the sending district of financial responsibility for students placed in out-of-district group homes. Prior to that, an official community of residence, generally based on the parents' residence, was determined for each child living in a group home. The district of official residence was responsible to pay the district in which the child is placed for the cost of the child's education. This system produced disputes among communities concerning financial responsibility.

Other Adjustments

Audit Adjustment. Following enactment of the FY 2019 budget, the Division of Municipal Finance adjusted the local property value data that is used to calculate the state's share of education costs, the apparent result of input errors by the Division. Updating the data impacted the state's share of education formula aid for nearly all local education agencies. Excluding the state schools, the net impact of this adjustment was an additional \$18,947, but with more impactful redistributions among districts and charter schools. While there was no established procedure, either in regulation or state law, for altering formula aid in the case of an audit that produces different results than the official certifications, the Governor's FY 2020 budget included an adjustment to reflect the impact of this correction to the data, but in FY 2020 rather than in the revised FY 2019 recommendation.

The 2019 Assembly provided the correct aid to districts underpaid because of the error but did not reduce aid to any communities that were overpaid. The enacted budget includes a total of \$1.9 million for those districts that were underpaid in FY 2019. It also enacted legislation to ensure proper notice of districts of such errors and a formal reconciliation process. Article 9 of 2019-H 5151, Substitute A, as amended, requires that if the state's share of education formula aid for any local education agency is determined to be incorrect after the budget for that fiscal year is enacted, local education agencies, the Senate President and the Speaker of the House must be notified within 15 days of the determination. Underpaid districts would be paid in the following fiscal year; those overpaid would have an amount withheld in the following fiscal year prorated to the month in which notification occurred.

Stabilization Funds in lieu of General Revenues. On March 27, President Trump signed the Coronavirus Aid, Relief and Economic Security (CARES) Act. The act requires that the state maintain support for both elementary and secondary education and public higher education at no less than the average level of aid from FY 2017 through FY 2019 for both FY 2020 and FY 2021 in order to be eligible for stabilization funds. The Assembly included use of \$41.7 million from federal education stabilization funds in lieu of a like amount from general revenues in the final FY 2020 budget. Local education agencies will receive funding based on their share of federal funds distributed under Title I, Part A of the Elementary and Secondary Education Act (ESEA) in FY 2019, consistent with federal requirements. Funding in the final budget exceeds the maintenance of effort requirement by \$36.0 million.

COVID-19 Relief Funds. The federal CARES Act adopted in response to COVID-19 provided \$1,250.0 million to Rhode Island for related expenditures incurred between March 1, 2020 and December 30, 2020, including responding directly to the emergency as well as to “second-order” effects, such as providing economic support to those suffering from employment or business interruptions. The Assembly included use of \$50.0 million to be distributed to local education agencies in proportion to new federal education stabilization funds, noted above in the final FY 2020 budget. Local education agencies that received funds from the Paycheck Protection Program would have the value of that support deducted from any additional aid authorized through this section. Distribution of these funds did not begin until FY 2021 because of delays in the process. Accordingly, the FY 2021 budget shows \$46.7 million of funds carried forward from FY 2020. The reduction from \$50.0 million reflects the impact of participation in the Paycheck Protection Program. As these funds are distributed outside of the funding formula, it is not shown in the prior summary table.

Categorical Funding

For each category of aid, the Department of Elementary and Secondary Education prorates the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, funding has not increased annually and the Governor’s out-year estimates assumes these costs will remain constant.

High Cost Special Education. The funding formula allows for additional funding from the state for high cost special education students when those costs exceed five times the district’s combined per pupil core instruction amount and student success factor amount. The Budget includes \$4.5 million for FY 2021, the same as provided in FY 2017 through FY 2020. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, that has not occurred consistently since FY 2017 and the Governor’s out-year estimates assume these costs will remain constant. This was first funded in FY 2013 at \$500,000.

Career and Technical Programs. The funding formula allows for additional resources from the state to help meet the initial capital investment needs to transform existing or create new comprehensive career and technical education programs and career pathways in critical and emerging industries and to help offset the higher than average costs associated with maintaining the quality of highly specialized programs. The Department developed criteria for the purpose of allocating funds. The Budget includes \$4.5 million for FY 2021, the same as provided in FY 2017 through FY 2020. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, funding has only increased twice since it was first funded at \$3.0 million in FY 2013. The Governor’s out-year estimates assume these costs will remain constant. These funds are not shown in the distribution tables at the end of this report.

Early Childhood Education. The funding formula allows for additional resources from the state to increase access to voluntary, free, high quality prekindergarten programs. Funds are distributed through a request for proposals process and are paid directly to early education programs. The Budget includes \$14.9 million for FY 2021, consistent with the FY 2020 enacted budget. All early childhood categorical funds were used as a match for a federal grant from FY 2016 through FY 2019, which allowed the Department to expand the number of prekindergarten classes from 17 in FY 2015 to 60 in FY 2018. This was first funded in FY 2013 at \$1.5 million. These funds are not shown in the distribution tables at the end of this report.

In FY 2020, the program supported 78 classrooms serving 1,420 seats, which is 18 classrooms and 340 seats more than in FY 2019. This includes five new state-run classrooms and 13 new classrooms supported by both general revenues and federal Head Start funds, which allowed for expansion of the school year for

some Head Start students. Of the 340 new seats, 223 are funded completely from general revenues and the remainder from both state and federal sources.

The Assembly also includes \$4.2 million from new federal preschool development funds awarded to the Executive Office of Health and Human Services and Department of Human Services. Of this, \$3.0 million was used to open new classrooms in September 2020. Remaining funds will be used to support the new classrooms, such as providing professional development, technical assistance and monitoring. For FY 2021, 96 classrooms are serving 1,768. As a result of COVID-19, two classrooms opened for virtual learning only while the remaining classrooms opened for in-person learning.

Non-Public School Transportation. The funding formula allows the state to provide resources to mitigate the excess costs associated with transporting students to out-of-district non-public schools. The state assumes the costs of non-public out-of-district transportation for those districts participating in the statewide transportation system. Prior to FY 2018, funding for transportation costs was allocated through a single category of aid. The Budget includes \$3.0 million for FY 2021, the same as provided in FY 2018 through FY 2020. There was an expectation that funding for these expenses would grow annually as the funding formula was phased-in; however, funding has not increased since FY 2018. The Governor's out-year estimates assume these costs will remain constant. FY 2012 funding for this component of the original transportation fund was \$0.8 million.

Regional School District Transportation. The funding formula allows the state to provide resources to mitigate the excess costs associated with transporting students within regional school districts. The state shares in the costs associated with transporting students within regional school districts. The state and regional school district shares equally the student transportation costs net any federal sources of revenue for these expenditures. Prior to FY 2018, funding for transportation costs was allocated through a single category of aid. The Budget includes \$4.6 million for FY 2021, consistent with the enacted budget. Funding for this category of aid had increased annually since FY 2012; however, the Governor's out-year estimates assume these costs will remain constant. FY 2012 funding for this component of the original transportation fund was \$0.5 million.

English Language Learner Aid. The Budget includes \$5.0 million to support English language learners that are in the most intensive programs, consistent with the enacted budget. The funding is used on evidence-based programs proven to increase outcomes and are monitored by the Department of Elementary and Secondary Education. The calculation is 10.0 percent of the Core Instruction Amount, applied to students in the most intensive English learner programs, and then ratably reduced. Funding for this category was first provided in FY 2017 for one year only; it was made permanent a year later.

School Resource Officer Support. The 2018 Assembly established a voluntary three-year pilot program for a new category of education aid to support school resource officers for a period of three years beginning in FY 2019. Funding reimburses school districts or municipalities one-half of the total cost of employing new school resource officers at middle or high schools for districts that choose to do so. Staffing levels that exceed one officer per school with less than 1,200 students and two officers per school with 1,200 or more students would not be eligible for reimbursement. The enacted budget includes \$1.0 million for the second year of the program. The final FY 2020 and FY 2021 budgets include \$325,000 based on anticipated reimbursements.

Set-Aside Funds

Textbook Loans. The Budget includes the enacted level of \$240,000 for the textbook loan program. The state currently reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12th grade. The

recommendation is \$151,424 more than spent in FY 2019 and the Governor's revised budget includes \$56,251, or \$183,749 less than enacted, based on anticipated expenditures.

School Breakfast. The Budget includes \$270,000 for FY 2021 for the administrative cost reimbursement to districts for the school breakfast program, which is consistent with the enacted level. State law mandates that all public schools provide a breakfast program and costs, other than transportation, associated with this program in excess of federal money for the meals, shall be borne exclusively by the state.

Current law requires the Assembly to “*annually appropriate some sum and distribute it based on each district's proportion of the number of breakfasts served in the prior school year relative to the statewide total in the same year.*” As in the lunch program, children from families with incomes at or below 130 percent of poverty are eligible for free meals, while those from families up to 185 percent of poverty are eligible for reduced-price meals.

Recovery High School. The 2016 Assembly enacted legislation to provide \$500,000 for FY 2017 only to support the state's recovery high school. Recovery high schools are specifically designed for students recovering from a substance abuse disorder. The legislation also removed districts from the enrollment process and changed the local tuition payment from the local per pupil expenditures to the core instruction amount. The 2017 Assembly removed the limitation to FY 2017 only. For FY 2021, the Budget includes \$0.5 million, consistent with the enacted budget.

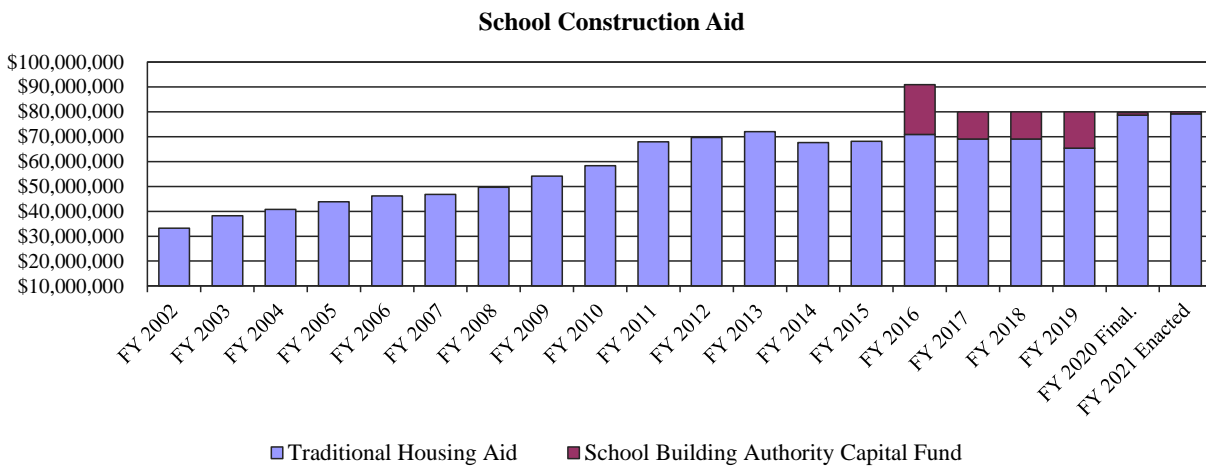
Other Aid

Teacher Retirement. The Budget includes \$118.4 million to fund the state's 40.0 percent share of the employer contribution for teacher retirement, an increase of \$6.0 million or 5.4 percent more than the FY 2020 enacted budget, which assumes a 2.5 percent annual increase in teacher wages and updated contributor rates. Prior to changes enacted in 2011, teachers had contributed 9.5 percent of their salaries; as of July 1, 2012, teachers contribute 8.75 percent. That rate is set in the General Laws. Employers contribute the difference between the teachers' share and the amount needed to support the system, as determined annually by the State Employees' Retirement System. For districts that choose not to participate in Social Security, there is an additional 4.0 percent contribution; 2.0 percent paid by both the employee and the district. The state does not pay a share of this 2.0 percent.

School Construction Aid. The Budget includes \$80.0 million for construction aid to local districts. This includes \$79.1 million for the traditional school housing aid program, which reimburses school districts for a share of completed projects, and \$0.9 million for the School Building Authority Capital Fund, which provides support for smaller projects that do not require both the full rehabilitation of a school and voter approval.

The 2011 Assembly instituted a three-year moratorium on the approval of new projects with exception for projects necessitated by health and safety reasons, effective July 1, 2011 through July 1, 2014. The 2014 Assembly extended the moratorium to May 1, 2015. During the moratorium, the Council on Elementary and Secondary Education approved \$162.0 million of health and safety projects.

The following graph shows school construction aid appropriations from FY 2002 through the FY 2021 enacted budget. Funding for the program more than doubled over 10 years through FY 2002. It doubled again in the next 10 year period through FY 2012 with an average growth rate of 7.8 percent. Over the past 10 years, from FY 2010 through FY 2020, the Council on Elementary and Secondary Education approved \$1,991.6 million of projects through the traditional school housing aid program. Additionally, it has approved 172 projects totaling \$62.9 million through the School Building Authority Capital Fund since FY 2016.



The 2019 Assembly enacted legislation to temporarily expand incentives used to enhance the school housing aid ratio in order to encourage new school construction and renovation projects, contingent upon approval of a bond referendum to be put before the voters on the November 2018 ballot. Districts are eligible for share ratio increases of up to 20.0 percent for projects that meet the following incentives.

Temporary Incentive	Share Ratio Increase
1 Health & safety	5%
2 Educational enhancements (includes early education & CTE)	5%
3 Replace facility with a facilities condition index of 65%+	5%
4 Increase functional utilization of a facility from <60% to 80%	5%
5 Decrease facility functional utilization from >120% to between 85% & 105%	5%
6 Consolidate 2+ buildings	5%

While the maximum state share increase is 20.0 percent, a district's local share cannot decrease by more than half of its regular share regardless of the incentives earned, nor can a district's state share increase by more than half of its regular share. Also, the third incentive noted in the table cannot be combined with the fourth or fifth incentive.

Projects approved between May 1, 2015 and January 1, 2018 are eligible for state share increases of up to 20.0 percent so long as commissioning agents and Owners Program Managers are utilized; those projects that do not are eligible for a 5.0 percent increase. Each incentive requires spending 25.0 percent of project costs or \$500,000 on related items. The incentives require that projects begin by either December 30, 2022 or 2023 and be completed within five years.

The legislation established a permanent incentive for projects that address school safety and establishes minimum maintenance spending requirements. Districts are required to meet one of three options to meet the requirements. Maintenance spending may either equal \$3 per square foot of school building space, 3.0 percent of a building's replacement value, or 3.0 percent of the school's operating budget; the latter two options are phased-in over four years.

It also includes additional requirements and oversight throughout projects, which are intended to control project costs, ensure building systems operate correctly, and ensure that projects are executed properly from design through construction. Owners Program Managers and commissioning agents are required for projects exceeding \$1.5 million, and state prequalification of prime contractors is required for all projects exceeding \$10.0 million. Architects and engineers are also required to go through a prequalification

process. A list of prequalified contractors, architects and engineers is required to be publically posted with all other program information; however, this does not appear to be available on the Department's website.

The approved capital plan includes \$250.0 million of new general obligation bonds, which were approved by the voters on the November 2018 ballot for public school construction and repairs over the next five years, with an authorization limit of \$100.0 million in any one year. The legislation requires that bond proceeds first be used in the traditional housing aid program, with no more than 5.0 percent of available proceeds in any given year to be used by the capital fund. Annual debt service on the bonds would be \$20.7 million assuming a 5.0 percent interest rate and 20-year term; total debt service would be \$401.4 million.

On May 14, 2019, the Council on Elementary and Secondary Education approved \$383.0 million for projects across six districts. Estimates provided to the Council by the School Building Authority project that FY 2019 approvals will begin reimbursement in FY 2021. Consistent with its practice in FY 2020, the School Building Authority is pursuing two approval periods in FY 2021 to be more responsive to district needs. In FY 2020, \$629.5 million of projects were approved by the Council including \$234.1 million in December 2019 and \$395.5 million in May 2020. Based on the information from December 2020, an additional \$479.9 million in projects are projected to be approved during FY 2021.

Approvals	Total Project Costs	Base State Share w/o Incentives	Upfront Bond Reimbursement
FY 2015 to FY 2018	\$ 538,462,880	\$ 357,460,960	\$ 39,901,249
May 2019			
Cranston	\$ 13,497,432	\$ 9,954,546	\$ -
Foster	1,000,000	350,000	52,500
Foster-Glocester	4,485,000	2,263,898	339,585
Providence	278,430,300	326,127,721	48,919,158
Trinity Academy	11,298,705	4,813,247	721,987
Westerly*	74,284,759	38,360,540	5,454,081
FY 2019 Total	\$ 382,996,196	\$ 381,869,952	\$ 55,487,311
December 2019			
Pawtucket	\$ 234,053,860	\$ 271,670,332	\$ 40,750,550
May 2020			
Burrillville	7,214,000	5,158,610	733,793
Cranston	146,822,931	113,149,453	16,972,418
Cumberland	79,093,500	49,200,518	7,380,078
Newport	106,334,967	52,848,479	7,927,272
Warwick	56,000,000	27,832,000	4,174,800
FY 2020 Total	\$ 629,519,258	\$ 519,859,392	\$ 77,938,911
December 2020	33,900,000	25,476,563	3,821,484
May 2021 Projected	479,868,375	332,266,757	49,840,014
Total FY 2019-2021	\$ 1,526,283,829	\$ 1,259,472,664	\$ 187,087,720

\$ in millions; excludes value of potential incentive points

**Project will not be moving forward as local referenda did not pass*

The previous table includes projects approved in FY 2019, FY 2020, and December 2020, as well as projected approvals for May 2021. This reflects the state share of the total project costs as presented to the Council. It should be noted that these amounts exclude the impact of the new incentives, pending calculation and confirmation of those final values, and the actual state share of projects will likely be higher. Enabling legislation requires proportional distribution of the \$250.0 million of general obligation bonds approved by the voters. The School Building Authority released guidance in spring 2019 indicating that districts will receive 15.0 percent of the expected state share for their projects, including interest. This will

be provided upfront on a reimbursement basis; for those projects that are eligible for incentive points, the difference between the amount of upfront funding received and what would have been eligible under the incentives will be reimbursed through the traditional housing aid distribution, which occurs over the same period as the local debt service payments.

As previously noted, no more than \$100 million from general obligation bonds may be authorized in any given year. Guidance on the award funding published by the School Building Authority stated that local education agencies have two years to spend the upfront funding. Districts must submit invoices to the Authority; upon verification of completed work, funds will be released to districts. The Governor's proposed FY 2021 to FY 2025 capital budget assumes a new \$250 million bond will go before the voters in November 2022 with funding programmed to begin in FY 2024. The original bond is programmed at \$92.7 million in FY 2020 and \$75.0 million in each FY 2021 and FY 2022. Legislation is required for future referenda which occur every other year, coinciding with elections.

The out-year estimates included with the Governor's recommended budget assume costs for the traditional program will grow beyond the \$80.0 million state appropriation to \$81.9 million in FY 2022, \$96.8 million in FY 2023 and \$116.6 million in FY 2024. Consistent with the Governor's capital budget, the out-year estimates include an impact from a second \$250.0 million school construction bond. Assuming passage of the bond, \$130.8 million of expenses for the traditional program are included for FY 2025. These estimates may change significantly based on actual project activity. Additionally, these estimates do not include debt service for the state bonds, which is shown in the Department of Administration's budget. That is \$6.5 million for FY 2021 based on the issuance of \$100.0 million. Debt service on the entire \$250.0 million would be \$20.7 million annually. If a second bond is issued, the added cost would be similar.

Calculation and Distribution Tables

The nine tables on the following pages include the calculation and distribution of the FY 2021 enacted education aid to districts, charter and state schools. Tables 1A and 1B show the total funding and Tables 2 through 8 illustrate different components of the funding formula. Table 8 has education aid to districts for FY 2015 through FY 2019 for comparison purposes.

Table 1A: Total Education Aid for Districts for FY 2021

Table 1B: Total Education Aid for Charter and State Schools for FY 2021

Table 2: Calculation of Funding Formula for FY 2021

Table 3: Group Home Aid for FY 2021

Table 4: Calculation of State Share Ratio

Table 5: FY 2021 Charter and State School Enrollment by Sending District

Table 6: Formula Funding to Charter and State Schools by Sending District

Table 7: Categorical Aid for FY 2021

Table 8: Education Aid for FY 2015 - FY 2019

Table 1A: Total Education Aid for Districts for FY 2021

A. Column **A** is the Governor's FY 2021 recommended formula aid for districts. It was based on March 15, 2019 student enrollment data.

B. Column **B** shows the Governor's proposal to include students in district-run prekindergarten classrooms into the funding formula. Under current law, all providers of the state prekindergarten program receive funding through the early childhood education category of education aid, including districts. The proposal impacts five districts and is based on classrooms open in FY 2020.

C. Column **C** shows the change in aid per district from updating student enrollment based on March 15, 2020 student enrollment data.

D. Column **D** is the Governor's funding formula aid recommendation adjusted for the March 2020 data update.

E. Column **E** shows the amount of group home aid for FY 2021. Group home aid is paid through the funding formula pursuant to current law.

F. The formula allows for additional resources from the state for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. The 2017 Assembly enacted a permanent category of funding for English language learners beginning in FY 2018. The distribution from high-cost special education, transportation, and English language learners aid is shown in column **F**.

G. H 7171, Substitute A, excludes the Governor's proposal included in Column **B** to shift expenses for district-run prekindergarten classrooms from the early childhood category of education aid to the funding formula, and that is shown in Column **G**.

H. Column **H** shows the total FY 2021 education aid included in H 7171, Substitute A, based on March 15, 2020 student enrollment data.

I. Column **I** shows total FY 2020 aid enacted by the 2019 Assembly.

J. Column **J** is the difference between H 7171, Substitute A, shown in Column **H** and FY 2020 aid enacted by the 2019 Assembly shown in Column **I**.

Table 1A: Total Education Aid for Districts for FY 2021

<i>District</i>	<i>A</i> <i>FY 2021</i> <i>Recommended</i> <i>Formula Aid</i>	<i>B</i> <i>Pre- kindergarten</i> <i>to Funding</i> <i>Formula</i>	<i>C</i> <i>March Update</i>	<i>D</i> <i>Adjusted Gov. Rec.</i> <i>Formula</i> <i>Aid</i>	<i>E</i> <i>Group Home</i> <i>Aid (Table 3)</i>
Barrington	\$ 5,747,660	\$ -	\$ 123,369	\$ 5,871,029	\$ -
Burrillville	14,173,058	-	(31,033)	14,142,025	73,935
Charlestown	1,347,895	-	(37,559)	1,310,336	-
Coventry	24,269,403	-	(856,700)	23,412,703	83,396
Cranston	68,342,059	122,641	108,757	68,573,456	-
Cumberland	20,731,569	-	(36,530)	20,695,039	-
East Greenwich	3,224,836	-	65,020	3,289,856	-
East Providence	36,057,984	1,130,197	(661,636)	36,526,545	503,600
Foster	1,150,582	-	(119,954)	1,030,628	-
Glocester	2,012,562	-	109,339	2,121,901	-
Hopkinton	5,381,580	-	106,972	5,488,552	-
Jamestown	379,864	-	(8,976)	370,888	-
Johnston	18,757,961	103,248	(72,079)	18,789,131	-
Lincoln	14,523,917	-	424,212	14,948,129	88,201
Little Compton	405,266	-	(7,655)	397,611	-
Middletown	7,756,075	-	89,569	7,845,644	-
Narragansett	2,243,894	-	(37,370)	2,206,524	-
Newport	13,520,554	-	274,205	13,794,759	136,977
New Shoreham	174,459	-	3,450	177,909	-
North Kingstown	11,808,025	-	(16,827)	11,791,198	-
North Providence	24,156,431	-	543,838	24,700,268	141,292
North Smithfield	6,006,868	-	21,683	6,028,551	98,055
Pawtucket	92,477,723	769,114	(510,533)	92,736,304	118,734
Portsmouth	3,232,006	-	(12,410)	3,219,595	515,155
Providence	263,275,514	-	4,949,509	268,225,023	412,525
Richmond	4,717,972	-	(24,175)	4,693,797	-
Scituate	2,746,814	-	(99,297)	2,647,517	-
Smithfield	5,835,807	-	(59,493)	5,776,314	220,744
South Kingstown	4,522,447	-	(59,156)	4,463,290	119,996
Tiverton	7,465,598	-	(85,299)	7,380,299	-
Warwick	38,418,575	-	(670,789)	37,747,785	277,870
Westerly	8,328,923	-	(214,042)	8,114,881	-
West Warwick	28,936,989	-	501,370	29,438,359	-
Woonsocket	68,014,464	-	582,089	68,596,553	37,221
Bristol-Warren	13,028,444	-	(397,818)	12,630,626	98,476
Chariho	-	-	-	-	-
Exeter-West Greenwich	4,167,942	-	58,355	4,226,297	123,805
Foster-Glocester	4,610,789	-	25,926	4,636,715	-
Central Falls*	41,855,884	1,202,128	3,253,161	46,311,173	-
Total	\$ 873,808,391	\$ 3,327,327	\$ 7,221,492	\$ 884,357,213	\$ 3,049,982
<i>Adjusted Chariho</i>	<i>11,447,447</i>	<i>-</i>	<i>45,238</i>	<i>11,492,685</i>	<i>-</i>

*This includes a \$8.0 million stabilization fund payment to Central Falls in the FY 2020 enacted budget and \$7.0 million in FY 2021.

Table 1A: Total Education Aid for Districts for FY 2021

	<i>F</i>		<i>G</i>	<i>H</i>	<i>I</i>	<i>J</i>
<i>District</i>	<i>Categoricals (Table 8)</i>	<i>Exclude Pre- kindergarten</i>	<i>Total FY 2021 Enacted Aid</i>	<i>FY 2020 Aid Enacted by 2019 Assembly</i>	<i>FY 2021 Chg. to Enacted Aid</i>	
Barrington	\$ 277,485	\$ -	\$ 6,148,515	\$ 5,872,943	\$ 275,571	
Burrillville	136,135	-	14,352,095	13,164,631	1,187,464	
Charlestown	86	-	1,310,422	1,543,508	(233,087)	
Coventry	68,436	-	23,564,535	24,463,006	(898,471)	
Cranston	1,311,469	(122,641)	69,762,285	65,623,892	4,138,393	
Cumberland	104,112	-	20,799,151	21,686,834	(887,683)	
East Greenwich	201,055	-	3,490,910	2,724,747	766,164	
East Providence	477,615	(1,130,197)	36,377,563	36,282,710	94,853	
Foster	35,020	-	1,065,648	1,214,958	(149,310)	
Glocester	96,273	-	2,218,174	2,272,359	(54,185)	
Hopkinton	234	-	5,488,786	5,170,111	318,675	
Jamestown	34,692	-	405,580	465,975	(60,395)	
Johnston	441,401	(103,248)	19,127,284	18,288,991	838,293	
Lincoln	162,355	-	15,198,685	14,418,820	779,865	
Little Compton	54	-	397,665	403,595	(5,930)	
Middletown	48,564	-	7,894,209	7,592,462	301,747	
Narragansett	54,849	-	2,261,373	2,255,835	5,538	
Newport	102,389	-	14,034,125	12,580,979	1,453,146	
New Shoreham	582	-	178,491	132,830	45,661	
North Kingstown	76,649	-	11,867,847	10,492,830	1,375,017	
North Providence	434,122	-	25,275,682	23,382,239	1,893,444	
North Smithfield	79,916	-	6,206,522	5,884,223	322,299	
Pawtucket	737,713	(769,114)	92,823,636	91,306,394	1,517,243	
Portsmouth	99,049	-	3,833,800	4,048,900	(215,100)	
Providence	3,625,523	-	272,263,070	263,818,881	8,444,189	
Richmond	409	-	4,694,206	4,640,811	53,395	
Scituate	80,456	-	2,727,973	2,824,310	(96,337)	
Smithfield	230,654	-	6,227,713	6,457,531	(229,819)	
South Kingstown	270,151	-	4,853,437	5,433,317	(579,880)	
Tiverton	95,272	-	7,475,571	7,239,775	235,797	
Warwick	416,281	-	38,441,937	38,761,116	(319,180)	
Westerly	140,310	-	8,255,191	8,656,589	(401,398)	
West Warwick	96,880	-	29,535,239	27,094,132	2,441,107	
Woonsocket	357,729	-	68,991,503	63,980,831	5,010,672	
Bristol-Warren	1,784,992	-	14,514,094	14,821,717	(307,623)	
Chariho	2,135,033	-	2,135,033	2,147,804	(12,770)	
Exeter-West Greenwich	1,346,229	-	5,696,331	6,419,481	(723,149)	
Foster-Glocester	570,941	-	5,207,657	5,268,060	(60,403)	
Central Falls*	571,024	(1,202,128)	45,680,069	41,998,528	3,681,541	
Total	\$ 16,702,145	\$ (3,327,327)	\$ 900,782,013	\$ 870,836,655	\$ 29,945,358	
<i>Adjusted Chariho</i>	<i>2,135,762</i>	<i>-</i>	<i>13,628,447</i>	<i>13,502,234</i>	<i>126,213</i>	

*This includes a \$8.0 million stabilization fund payment to Central Falls in the FY 2020 enacted budget and \$7.0 million in FY 2021.

Table 1B: Total Education Aid for Charter and State Schools for FY 2021

- A.** Column **A** is the FY 2020 formula aid enacted by the 2019 Assembly.
- B.** Column **B** includes final FY 2020 funding formula aid, which reflects current law requirements that any changes in enrollment as of October 1 that are greater than 10.0 percent get adjusted in that year.
- C.** Column **C** is the Governor's FY 2021 recommended formula aid. It uses March 2019 enrollment and lottery data. Growth due to adding grades is paid in the year of the growth.
- D.** Column **D** shows change in aid per district from updating student enrollment based on March 15, 2020 student enrollment data.
- E.** Column **E** includes the distribution of English language learners categorical funding.
- F.** Column **F** includes the distribution of high cost special education categorical funding.
- G.** Column **G** shows the total FY 2021 education aid included in H 7171, Substitute A, based on March 15, 2020 student enrollment data.
- H.** Column **H** is the difference between the H 7171, Substitute A shown in Column **G** and final FY 2020 formula aid in Column **B**.

Table 1B: Total Education Aid for Charter and State Schools for FY 2021

<i>School</i>	<i>A</i> <i>FY 2020</i> <i>Enacted</i> <i>Formula Aid</i> *	<i>B</i> <i>FY 2020</i> <i>Final</i> <i>Formula Aid</i> *	<i>C</i> <i>FY 2021</i> <i>Gov. Rec.</i> <i>Formula Aid</i> *	<i>D</i> <i>March Update</i>
Academy for Career Exploration (Textron) - Closed Spring 2020	\$ 2,221,933	\$ 2,221,932	\$ 2,276,000	\$ (2,276,000)
Achievement First	14,506,807	14,506,807	17,166,756	1,606,466
Beacon	3,041,595	3,041,595	3,275,389	67,438
Blackstone	3,898,745	3,898,745	4,034,853	47,596
Charette	1,462,582	1,462,582	2,001,614	(0)
Compass	499,581	499,581	581,683	30,976
Greene School	1,263,068	1,263,068	1,297,644	68,610
Highlander	6,213,203	6,213,203	6,614,115	402,940
Hope Academy	2,227,072	2,227,072	2,672,316	(9,928)
International	3,458,899	3,458,899	3,623,685	1,566
Kingston Hill	676,342	760,071	842,570	(13,241)
Learning Community	6,831,139	6,831,139	7,115,379	8,338
New England Laborers	1,288,574	1,288,574	1,352,483	36,182
Nowell	1,764,590	1,764,590	1,830,741	31,328
Nurses Institute	2,936,639	2,936,639	3,028,761	39,255
Paul Cuffee	9,177,961	9,177,961	9,425,877	(38,696)
RI Mayoral Academies Blackstone Prep.	19,650,936	19,650,936	20,180,053	548,056
RISE Mayoral Academy	2,406,055	2,406,055	3,163,221	(47,318)
Segue Institute	3,022,682	3,022,682	3,147,229	(62,930)
Southside Elementary	1,633,370	1,633,370	1,677,425	5,830
Times2 Academy	8,150,385	8,150,385	8,370,544	(79,150)
Trinity	2,383,975	2,383,975	2,448,371	(31,660)
Village Green	2,321,706	2,321,706	2,391,333	(4,691)
Charter Schools Subtotal	\$ 101,037,840	\$ 101,121,568	\$ 108,518,042	\$ 330,967
Davies Career and Tech	13,694,981	13,694,981	13,771,120	-
Met School	9,342,007	9,342,007	9,342,007	-
Urban Collaborative	1,539,913	1,539,913	1,584,599	(29,134)
Total	\$ 125,614,741	\$ 125,698,469	\$ 133,215,768	\$ 301,833

Growth due to adding grades is all paid in the year of growth.

**Includes a state schools stabilization payment of \$4.9 million to Davies and \$1.8 million to Met.*

Table 1B: Total Education Aid for Charter and State Schools for FY 2021

<i>School</i>	<i>E</i> <i>English Language</i> <i>Learners</i> <i>Categorical</i>	<i>F</i> <i>High Cost</i> <i>Special Ed.</i> <i>Categorical</i>	<i>G</i> <i>Total FY 2021</i> <i>Enacted</i>	<i>H</i> <i>FY 2021 Change</i> <i>to FY 2020 Final</i>
Academy for Career Exploration (Textron) - Closed Spring 2020	\$ -	\$ -	\$ -	\$ (2,221,932)
Achievement First	90,563	11,383	18,875,168	4,368,361
Beacon	3,238	-	3,346,065	304,470
Blackstone	5,273	-	4,087,722	188,977
Charette	2,307	-	2,003,921	541,339
Compass	-	-	612,659	113,078
Greene School	973	-	1,367,227	104,159
Highlander	31,228	-	7,048,283	835,080
Hope Academy	8,767	-	2,671,155	444,083
International	48,606	-	3,673,857	214,958
Kingston Hill	-	-	829,329	69,258
Learning Community	68,096	12,921	7,204,734	373,595
New England Laborers	4,284	-	1,392,949	104,375
Nowell	12,947	-	1,875,016	110,426
Nurses Institute	10,455	-	3,078,471	141,832
Paul Cuffee	27,686	-	9,414,867	236,906
RI Mayoral Academies Blackstone Prep.	44,073	3,355	20,775,537	1,124,601
RISE Mayoral Academy	3,702	-	3,119,605	713,550
Segue Institute	11,263	-	3,095,562	72,880
Southside Elementary	5,076	3,358	1,691,689	58,319
Times2 Academy	19,842	-	8,311,236	160,851
Trinity	5,076	-	2,421,787	37,812
Village Green	5,076	-	2,391,718	70,012
Charter Schools Subtotal	\$ 408,531	\$ 31,017	\$ 109,288,557	\$ 8,166,990
Davies Career and Tech	1,664	-	13,728,646	33,665
Met School	14,420	-	9,356,427	14,420
Urban Collaborative	3,584	-	1,559,049	19,136
Total	\$ 428,199	\$ 31,017	\$ 133,932,679	\$ 8,234,211

*Includes a state schools stabilization payment of \$5.0 million to Davies and \$1.6 million to Met; includes workshare savings of \$44,138 for Davies

Table 2: Calculation of Funding Formula for FY 2021

A. The FY 2021 student counts are shown in column **A** based on the resident average daily membership as of March 15, 2020. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year. For some districts, this also includes prekindergarten students, reflecting the Governor’s recommendation to include students enrolled in district-run prekindergarten classrooms into the funding formula. Eligible districts currently receive prekindergarten funding through the early childhood category of aid.

B. Column **B** includes the number of students in prekindergarten through 12th grade that are in “poverty status” which is defined as a child whose family income is at or below 185 percent of federal poverty guidelines. Consistent with column **A**, this includes prekindergarten students enrolled in district-run classrooms.

C. Column **C** includes the percent of students that are in poverty status - column **B** divided by column **A**.

D. Column **D** is the core instruction funding, which is the student count in column **A** times the core instruction per pupil amount of \$10,310. The legislation requires the core instruction per pupil amount to be updated annually.

E. Column **E** includes the student success factor funding which is a single poverty weight as a proxy for student supports and is 40.0 percent times the number of students in prekindergarten through 12th grade that are in poverty status in column **B** times the core instruction amount.

F. The total foundation amount in column **F** is the sum of the core instruction amount in column **D** plus the student success factor funding in column **E**.

G. Column **G** is the state share ratio; the calculation is described in Table 4.

H. Column **H** includes the state foundation aid under the funding formula. It is the total foundation amount in column **F** times the state share ratio in column **G**. Pursuant to the ten year phase in of the funding formula, districts receiving more state funding were subject to a seven-year phase in and districts receiving less state funding have the loss phased in over ten years. As FY 2021 is the tenth year of the transition period, column **H** is the amount produced by the formula for all districts.

I. Column **I** is the FY 2020 enacted formula aid.

J. Column **J** is the difference between the tenth year of funding under the formula shown in column **H** and the enacted amount of formula aid in column **I**.

Table 2: Calculation of Funding Formula for FY 2021

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>
<i>District</i>	<i>FY 2020 PK-12 RADM</i>	<i>FY 2020 Poverty Status</i>	<i>% Poverty Status</i>	<i>Core Instruction Funding</i>	<i>Student Success Factor Funding</i>
Barrington	3,416	145	4.2%	\$ 35,218,960	\$ 597,980
Burrillville	2,238	785	35.1%	23,073,780	3,237,340
Charlestown	740	156	21.1%	7,629,400	643,344
Coventry	4,502	1,207	26.8%	46,415,620	4,977,668
Cranston	10,189	4,109	40.3%	105,048,590	16,945,516
Cumberland	4,617	921	19.9%	47,601,270	3,798,204
East Greenwich	2,572	173	6.7%	26,517,320	713,452
East Providence	5,036	2,443	48.5%	51,921,160	10,074,932
Foster	227	64	28.2%	2,340,370	263,936
Glocester	553	73	13.2%	5,701,430	301,052
Hopkinton	1,137	236	20.8%	11,722,470	973,264
Jamestown	655	36	5.5%	6,753,050	148,464
Johnston	3,288	1,372	41.7%	33,899,280	5,658,128
Lincoln	3,171	829	26.1%	32,693,010	3,418,796
Little Compton	344	49	14.2%	3,546,640	202,076
Middletown	2,175	694	31.9%	22,424,250	2,862,056
Narragansett	1,211	220	18.2%	12,485,410	907,280
Newport	2,088	1,471	70.5%	21,527,280	6,066,404
New Shoreham	134	26	19.4%	1,381,540	107,224
North Kingstown	3,747	793	21.2%	38,631,570	3,270,332
North Providence	3,561	1,680	47.2%	36,713,910	6,928,320
North Smithfield	1,655	311	18.8%	17,063,050	1,282,564
Pawtucket	8,641	6,139	71.0%	89,088,710	25,317,236
Portsmouth	2,295	359	15.6%	23,661,450	1,480,516
Providence	22,719	19,451	85.6%	234,232,890	80,215,924
Richmond	1,135	172	15.2%	11,701,850	709,328
Scituate	1,269	147	11.6%	13,083,390	606,228
Smithfield	2,378	366	15.4%	24,517,180	1,509,384
South Kingstown	2,918	514	17.6%	30,084,580	2,119,736
Tiverton	1,758	407	23.2%	18,124,980	1,678,468
Warwick	8,619	2,819	32.7%	88,861,890	11,625,556
Westerly	2,683	875	32.6%	27,661,730	3,608,500
West Warwick	3,607	1,933	53.6%	37,188,170	7,971,692
Woonsocket	5,933	4,612	77.7%	61,169,230	19,019,888
Bristol-Warren	3,163	940		32,610,530	3,876,560
Chariho	-	-	see table	-	-
Exeter-West Greenwich	1,643	273	below	16,939,330	1,125,852
Foster-Glocester	1,149	188		11,846,190	775,312
Central Falls*	2,812	2,732	97.2%	28,991,720	11,266,768
Total	129,978	59,720		\$ 1,340,073,180	\$ 246,285,280
<i>Bristol</i>	<i>1,923</i>	<i>485</i>	<i>25.2%</i>	<i>19,826,130</i>	<i>2,000,140</i>
<i>Warren</i>	<i>1,240</i>	<i>455</i>	<i>36.7%</i>	<i>12,784,400</i>	<i>1,876,420</i>
<i>Exeter</i>	<i>752</i>	<i>141</i>	<i>18.8%</i>	<i>7,753,120</i>	<i>581,484</i>
<i>West Greenwich</i>	<i>891</i>	<i>132</i>	<i>14.8%</i>	<i>9,186,210</i>	<i>544,368</i>
<i>Foster</i> [∞]	<i>375</i>	<i>67</i>	<i>17.9%</i>	<i>3,866,250</i>	<i>276,308</i>
<i>Glocester</i> [∞]	<i>774</i>	<i>121</i>	<i>15.6%</i>	<i>7,979,940</i>	<i>499,004</i>
<i>Adjusted Chariho</i>	<i>3,012</i>	<i>564</i>		<i>31,053,720</i>	<i>2,325,936</i>

*This includes the enacted \$8.0 million stabilization fund payment to Central Falls in FY 2020 & \$7.0 million in FY 2021.

[∞]Beginning in FY 2021, aid for Foster-Glocester is shown by town, consistent with other regional school districts.

Table 2: Calculation of Funding Formula for FY 2021

	<i>F</i>	<i>G</i>	<i>H</i>	<i>I</i>	<i>J</i>
<i>District</i>	<i>Total Foundation</i>	<i>State Share Ratio (Table 4)</i>	<i>FY 2021 Enacted Funding*</i>	<i>FY 2020 Enacted Formula Aid</i>	<i>Difference from FY 2020</i>
Barrington	\$ 35,816,940	16.4%	\$ 5,871,029	\$ 5,693,721	\$ 177,308
Burrillville	26,311,120	53.7%	14,142,025	12,926,571	1,215,454
Charlestown	8,272,744	15.8%	1,310,336	1,543,188	(232,852)
Coventry	51,393,288	45.6%	23,412,703	24,332,697	(919,994)
Cranston	121,994,106	56.1%	68,450,816	64,319,722	4,131,094
Cumberland	51,399,474	40.3%	20,695,039	21,547,453	(852,414)
East Greenwich	27,230,772	12.1%	3,289,856	2,531,530	758,326
East Providence	61,996,092	57.1%	35,396,348	35,472,845	(76,497)
Foster	2,604,306	39.6%	1,030,628	1,149,740	(119,112)
Glocester	6,002,482	35.4%	2,121,901	2,164,338	(42,437)
Hopkinton	12,695,734	43.2%	5,488,552	5,169,861	318,691
Jamestown	6,901,514	5.4%	370,888	425,899	(55,011)
Johnston	39,557,408	47.2%	18,685,883	17,893,657	792,226
Lincoln	36,111,806	41.4%	14,948,129	14,269,740	678,389
Little Compton	3,748,716	10.6%	397,611	403,530	(5,919)
Middletown	25,286,306	31.0%	7,845,644	7,533,193	312,451
Narragansett	13,392,690	16.5%	2,206,524	2,217,917	(11,393)
Newport	27,593,684	50.0%	13,794,759	12,377,253	1,417,506
New Shoreham	1,488,764	12.0%	177,909	130,462	47,447
North Kingstown	41,901,902	28.1%	11,791,198	10,417,472	1,373,726
North Providence	43,642,230	56.6%	24,700,268	22,896,007	1,804,261
North Smithfield	18,345,614	32.9%	6,028,551	5,716,299	312,252
Pawtucket	114,405,946	80.4%	91,967,189	89,623,419	2,343,770
Portsmouth	25,141,966	12.8%	3,219,595	3,428,751	(209,156)
Providence	314,448,814	85.3%	268,225,023	259,312,069	8,912,954
Richmond	12,411,178	37.8%	4,693,797	4,640,585	53,212
Scituate	13,689,618	19.3%	2,647,517	2,767,459	(119,942)
Smithfield	26,026,564	22.2%	5,776,314	6,081,263	(304,949)
South Kingstown	32,204,316	13.9%	4,463,290	5,102,341	(639,051)
Tiverton	19,803,448	37.3%	7,380,299	7,166,770	213,529
Warwick	100,487,446	37.6%	37,747,785	38,179,304	(431,519)
Westerly	31,270,230	26.0%	8,114,881	8,550,266	(435,385)
West Warwick	45,159,862	65.2%	29,438,359	27,009,115	2,429,244
Woonsocket	80,189,118	85.5%	68,596,553	63,607,000	4,989,553
Bristol-Warren	36,487,090		12,630,626	13,046,782	(416,156)
Chariho	-	see table	-	38,320	(38,320)
Exeter-West Greenwich	18,065,182	below	4,226,297	5,038,413	(812,116)
Foster-Glocester	12,621,502		4,636,715	4,676,149	(39,434)
Central Falls*	40,258,488	94.6%	45,109,045	41,476,650	3,632,395
Total	\$ 1,586,358,460		\$ 881,029,884	\$ 850,877,751	\$ 30,152,133
<i>Bristol</i>	<i>21,826,270</i>	<i>24.6%</i>	<i>5,365,823</i>	<i>5,696,155</i>	<i>5,696,155</i>
<i>Warren</i>	<i>14,660,820</i>	<i>49.6%</i>	<i>7,264,802</i>	<i>7,350,627</i>	<i>7,350,627</i>
<i>Exeter</i>	<i>8,334,604</i>	<i>22.5%</i>	<i>1,873,136</i>	<i>2,066,425</i>	<i>2,066,425</i>
<i>West Greenwich</i>	<i>9,730,578</i>	<i>24.2%</i>	<i>2,353,161</i>	<i>2,971,988</i>	<i>2,971,988</i>
<i>Foster</i> [∞]	<i>4,142,558</i>	<i>39.6%</i>	<i>1,639,375</i>	-	-
<i>Glocester</i> [∞]	<i>8,478,944</i>	<i>35.4%</i>	<i>2,997,340</i>	-	-
<i>Adjusted Chariho</i>	<i>33,379,656</i>		<i>11,492,685</i>	<i>11,391,954</i>	<i>100,731</i>

*This includes the enacted \$8.0 million stabilization fund payment to Central Falls in FY 2020 & \$7.0 million in FY 2021.

[∞]Beginning in FY 2021, aid for Foster-Glocester is shown by town, consistent with other regional school districts.

Table 3: Calculation of Group Home Aid for FY 2021

The distribution of group home aid includes \$17,000 per bed with the exception of \$26,000 per bed for the group home beds associated with Bradley Hospital's residential CRAFT program. The districts total enrollment is then reduced by the number of group home beds. The total amount of funding is reduced by the value of that districts' state share of core instruction and student success factor amounts times the number of group home beds. The impact is shown as a reduction to group home aid. For those districts that are receiving less state aid, the reduction is phased-in over the remaining years of the transition period.

A. Column **A** is the number of beds eligible for group home aid. The Department of Children, Youth and Families identified 320 beds eligible for aid as of December 31, 2019.

B. Column **B** is the total cost of beds identified in column **A**. It reflects \$17,000 per bed with the exception of \$26,000 per CRAFT bed.

C. Column **C** shows the cost of beds in Column **B** reduced by the value of districts' state share of core instruction and student success factor amounts times the number of group home beds.

D. Column **D** shows the enacted FY 2021 group home aid.

E. Column **E** is the final FY 2020 aid.

F. Column **F** is the difference between the final FY 2020 aid in column **E** and the enacted FY 2021 aid in column **D**.

G. Column **G** is the revised current law entitlement based on the Department of Children, Youth and Families report that identified two beds eligible for aid that were not assumed in the enacted budget.

H. Column **H** is the difference between the FY 2020 enacted aid shown in column **E** and the revised FY 2020 aid shown in column **G**.

Table 3: Calculation of Group Home Aid for FY 2021

<i>District</i>	<i>A Beds as of Dec. 31, 2019</i>	<i>B Total Cost of Beds</i>	<i>C Funding Formula Reduction</i>	<i>D FY 2021 Enacted</i>
Barrington	-	\$ -	\$ -	\$ -
Burrillville	8	136,000	(62,065)	73,935
Charlestown	-	-	-	-
Coventry	8	136,000	(52,604)	83,396
Cranston	-	-	-	-
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	39	825,000	(321,400)	503,600
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	8	136,000	(47,799)	88,201
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	14	238,000	(101,023)	136,977
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	16	272,000	(130,708)	141,292
North Smithfield	8	136,000	(37,945)	98,055
Pawtucket	22	374,000	(255,266)	118,734
Portsmouth	34	578,000	(62,845)	515,155
Providence	88	1,496,000	(1,083,475)	412,525
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	16	272,000	(51,256)	220,744
South Kingstown	8	136,000	(16,004)	119,996
Tiverton	-	-	-	-
Warwick	24	408,000	(130,130)	277,870
Westerly	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	8	136,000	(98,779)	37,221
Bristol-Warren	10	170,000	(71,524)	98,476
Chariho	-	-	-	-
Exeter-West Greenwich	9	153,000	(29,195)	123,805
Foster-Glocester	-	-	-	-
Central Falls	-	-	-	-
Total	320	\$ 5,602,000	\$ (2,552,018)	\$ 3,049,982

Table 3: Calculation of Group Home Aid for FY 2021

<i>District</i>	<i>E</i> <i>FY 2020</i> <i>Final</i>	<i>F</i> <i>FY 2021</i> <i>Change to</i> <i>Final</i>	<i>G</i> <i>FY 2020</i> <i>Revised</i>	<i>H</i> <i>Final Change</i> <i>to FY 2020</i> <i>Enacted</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Burrillville	80,022	(6,087)	80,022	-
Charlestown	-	-	-	-
Coventry	83,543	(147)	83,543	-
Cranston	37,602	(37,602)	37,602	-
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	509,554	(5,954)	509,554	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	89,418	(1,217)	89,418	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	145,520	(8,543)	145,520	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	148,781	(7,489)	148,781	-
North Smithfield	100,435	(2,380)	100,435	-
Pawtucket	126,901	(8,167)	126,901	-
Portsmouth	557,258	(42,103)	557,258	-
Providence	476,104	(63,579)	476,104	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	219,137	1,607	219,137	-
South Kingstown	118,333	1,663	118,333	-
Tiverton	-	-	-	-
Warwick	279,648	(1,778)	279,648	-
Westerly	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	44,244	(7,023)	44,244	-
Bristol-Warren	90,976	7,500	124,976	34,000
Chariho	-	-	-	-
Exeter-West Greenwich	125,677	(1,872)	125,677	-
Foster-Glocester	-	-	-	-
Central Falls	-	-	-	-
Total	\$ 3,233,153	\$ (183,171)	\$ 3,267,153	\$ 34,000

Table 4: Calculation of State Share Ratio

The following table shows the calculation of each community's state share ratio for the purpose of the new education funding formula. The share ratio formula considers the district's ability to generate revenues and its poverty concentration.

A. The assessed value of real and tangible personal property for each city and town as of December 31 of the third preceding calendar year in accordance with Rhode Island General Law, Section 16-7-21. The assessed value as of December 31, 2016, is used for FY 2021 calculations. Property value is certified annually by the Department of Revenue's Division of Municipal Finance, based on local sales data and appraisals.

B. The adjusted equalized weighted assessed property valuations for the third preceding calendar year per current law, as of December 31, 2016, as reported by the Department of Revenue's Division of Municipal Finance. The total assessed local property value of a community is adjusted for differences in local assessment rates to allow the reporting of figures comparable on a statewide basis, resulting in the equalized weighted assessed valuation (EWAV).

The valuations are then adjusted by the ratio that the community's median family income bears to the statewide median family income, as reported in the most recent federal census data. Use of both the property value and the median family income is an attempt to compensate for districts that have significant disparity between median family income and the full value of property. Once community wealth is determined, it is divided by pupil counts to calculate the per pupil wealth for each community compared to the per pupil wealth for the state as a whole.

C. The FY 2021 student counts are shown in column **C** based on the resident average daily membership as of June 30, 2019. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year.

D. The resulting relative per pupil community wealth is then multiplied by 0.475 and subtracted from 1.0, yielding the district's share ratio. The result is multiplied by 100 to convert this share ratio to a percentage.

E. Column **E** includes the percentage of students in poverty status in prekindergarten through 6th grade as of June 30, 2019. Poverty status is defined as being at 185 percent of federal poverty guidelines.

F. The calculation in column **F** is the square root of the sum of the state share ratio for the community calculation in column **D** squared plus the district's percentage of students in poverty status in grades pre-kindergarten through 6th in column **E** squared, divided by two.

$$\text{State Share Ratio (SSR)} = \sqrt{\frac{\text{SSRC}^2 + \%PK6FRPL^2}{2}}$$

G. Column **G** shows what the share ratio was for FY 2020. It uses property valuations as of December 31, 2015 and student counts as of June 30, 2018.

H. Column **H** shows the difference between the share ratio for FY 2021 and that for FY 2020.

Table 4: Calculation of State Share Ratio

<i>District</i>	<i>A</i> <i>Assessed Value</i> <i>12/31/16</i>	<i>B</i> <i>Adjusted EWAV</i> <i>12/31/16</i>	<i>C</i> <i>June 2019</i> <i>Student Count*</i>	<i>D</i> <i>Adjusted</i> <i>EWAV</i>
Barrington	\$ 3,057,392,900	\$ 4,713,374,733	3,351	22.7%
Bristol	2,877,691,898	2,955,105,611	1,967	17.4%
Burrillville	1,712,196,170	1,448,202,533	2,367	66.4%
Charlestown	2,528,972,857	2,348,831,683	792	0.0%
Coventry	3,532,093,466	3,727,605,462	4,678	56.2%
Cranston	7,300,998,826	6,458,285,572	10,550	66.3%
Cumberland	4,199,152,597	4,493,632,338	5,150	52.0%
East Greenwich	2,414,299,345	3,918,155,474	2,545	15.4%
East Providence	4,379,743,263	3,576,871,465	5,367	63.4%
Exeter	828,761,053	1,042,312,661	771	25.7%
Foster [∞]	546,340,377	563,087,091	635	51.2%
Glocester [∞]	1,142,682,080	1,213,955,411	1,290	48.3%
Hopkinton	928,822,732	920,717,373	1,160	56.4%
Jamestown	2,299,359,815	3,143,590,969	671	0.0%
Johnston	2,839,795,597	3,017,606,056	3,367	50.7%
Lincoln	2,900,558,269	2,978,118,487	3,364	51.3%
Little Compton	2,033,469,488	2,009,863,880	352	0.0%
Middletown	2,918,131,649	2,688,001,012	2,183	32.3%
Narragansett	4,731,157,052	6,202,586,885	1,253	0.0%
Newport	6,053,206,013	6,120,658,603	2,116	0.0%
New Shoreham	1,694,419,559	1,492,714,038	133	0.0%
North Kingstown	4,265,566,279	4,976,674,391	3,889	29.6%
North Providence	2,729,858,844	2,403,568,628	3,687	64.2%
North Smithfield	1,629,387,827	1,844,763,982	1,724	41.2%
Pawtucket	3,902,899,088	2,447,413,023	10,677	87.4%
Portsmouth	3,446,613,760	4,176,899,651	2,310	0.6%
Providence	11,665,842,546	7,481,158,078	28,129	85.4%
Richmond	921,140,333	1,058,073,277	1,172	50.4%
Scituate	1,583,751,016	1,812,660,979	1,295	23.0%
Smithfield	2,782,299,005	3,244,285,837	2,435	26.7%
South Kingstown	4,751,561,206	5,832,645,214	3,074	0.0%
Tiverton	2,031,356,389	1,789,811,824	1,787	44.9%
Warren	1,262,545,857	1,038,106,744	1,271	55.1%
Warwick	9,475,269,124	9,936,266,229	8,894	38.6%
West Greenwich	975,170,109	1,160,530,687	895	28.7%
Westerly	5,975,666,650	5,810,874,846	2,810	0.0%
West Warwick	2,187,020,388	1,780,866,428	3,628	73.0%
Woonsocket	2,045,829,072	1,033,042,914	6,414	91.1%
Central Falls	512,592,523	202,694,954	4,299	97.4%
Total	\$ 123,063,615,022	\$ 123,063,615,022	142,452	

[∞]Beginning in FY 2021, Foster-Glocester is shown by town, consistent with other regional school districts.

Table 4: Calculation of State Share Ratio

<i>District</i>	<i>E</i> <i>FY 2019 %</i> <i>Students in Poverty</i>	<i>F</i> <i>FY 2021 State</i> <i>Share Ratio</i>	<i>G</i> <i>FY 2020 State</i> <i>Share Ratio</i>	<i>H</i> <i>Change to</i> <i>Share Ratio</i>
Barrington	4.7%	16.4%	17.0%	-0.6%
Bristol	30.1%	24.6%	25.6%	-1.1%
Burrillville	37.0%	53.7%	50.6%	3.1%
Charlestown	22.4%	15.8%	18.2%	-2.3%
Coventry	31.5%	45.6%	47.4%	-1.8%
Cranston	43.6%	56.1%	55.0%	1.1%
Cumberland	23.2%	40.3%	43.3%	-3.0%
East Greenwich	7.4%	12.1%	9.9%	2.2%
East Providence	50.0%	57.1%	58.5%	-1.4%
Exeter	18.7%	22.5%	25.9%	-3.4%
Foster [∞]	22.6%	39.6%	41.2%	-1.6%
Glocester [∞]	12.9%	35.4%	37.1%	-1.7%
Hopkinton	23.6%	43.2%	42.6%	0.6%
Jamestown	7.6%	5.4%	6.3%	-0.9%
Johnston	43.5%	47.2%	46.8%	0.4%
Lincoln	28.2%	41.4%	42.1%	-0.7%
Little Compton	15.0%	10.6%	11.0%	-0.4%
Middletown	29.7%	31.0%	30.7%	0.3%
Narragansett	23.3%	16.5%	17.0%	-0.5%
Newport	70.7%	50.0%	47.8%	2.2%
New Shoreham	16.9%	12.0%	9.3%	2.6%
North Kingstown	26.6%	28.1%	24.8%	3.2%
North Providence	47.8%	56.6%	55.7%	0.8%
North Smithfield	21.5%	32.9%	32.2%	0.7%
Pawtucket	72.7%	80.4%	81.3%	-0.9%
Portsmouth	18.1%	12.8%	13.2%	-0.3%
Providence	85.2%	85.3%	86.8%	-1.5%
Richmond	17.9%	37.8%	38.6%	-0.8%
Scituate	14.8%	19.3%	16.6%	2.7%
Smithfield	16.5%	22.2%	23.9%	-1.7%
South Kingstown	19.6%	13.9%	13.9%	0.0%
Tiverton	27.6%	37.3%	37.1%	0.2%
Warren	43.3%	49.6%	50.2%	-0.6%
Warwick	36.5%	37.6%	38.7%	-1.1%
West Greenwich	18.6%	24.2%	31.9%	-7.7%
Westerly	36.7%	26.0%	27.7%	-1.8%
West Warwick	56.3%	65.2%	63.4%	1.8%
Woonsocket	79.6%	85.5%	83.0%	2.5%
Central Falls	91.8%	94.6%	94.8%	-0.2%
Total				

[∞]Beginning in FY 2021, Foster-Glocester is shown by town, consistent with other regional school districts.

Table 5: FY 2021 Charter and State School Enrollment by Sending District

<i>Sending District</i>	<i>Achievement First</i>	<i>Beacon</i>	<i>Blackstone Academy</i>	<i>Charette</i>	<i>Compass</i>
Barrington	-	2	-	-	-
Burrillville	-	44	-	-	-
Charlestown	-	-	-	-	19
Coventry	-	3	-	-	-
Cranston	142	9	-	-	3
Cumberland	-	43	-	-	-
East Greenwich	-	-	-	-	3
East Providence	-	2	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	9
Jamestown	-	-	-	-	3
Johnston	-	2	-	-	-
Lincoln	-	6	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	1
Narragansett	-	-	-	-	10
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	51
North Providence	73	12	-	-	2
North Smithfield	1	16	-	-	-
Pawtucket	2	16	156	-	1
Portsmouth	-	-	-	-	-
Providence	1,485	19	68	168	5
Richmond	-	-	-	-	8
Scituate	-	-	-	-	-
Smithfield	-	3	-	-	-
South Kingstown	-	-	-	-	45
Tiverton	-	-	-	-	-
Warwick	22	8	-	-	2
Westerly	1	-	-	-	37
West Warwick	2	4	-	-	-
Woonsocket	-	198	-	-	-
Bristol-Warren	-	1	-	-	-
Exeter-West Greenwich	-	-	-	-	17
Foster-Glocester	-	1	-	-	-
Central Falls	-	1	126	-	-
Total	1,728	390	350	168	216
<i>Adjusted Chariho</i>	-	-	-	-	36

Table 5: FY 2021 Charter and State School Enrollment by Sending District

<i>Sending District</i>	<i>Greene School</i>	<i>Highlander</i>	<i>Hope Academy</i>	<i>International</i>	<i>Kingston Hill</i>
Barrington	1	-	-	3	-
Burrillville	1	-	-	-	-
Charlestown	4	-	-	-	15
Coventry	40	-	-	1	11
Cranston	17	56	-	22	1
Cumberland	3	3	-	7	-
East Greenwich	5	-	-	-	2
East Providence	-	19	-	39	3
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	4	-	-	-	10
Jamestown	-	-	-	-	-
Johnston	4	6	-	6	3
Lincoln	-	4	-	7	1
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	1
Narragansett	2	-	-	1	8
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	1	-	-	1	78
North Providence	2	9	20	14	1
North Smithfield	-	-	-	-	-
Pawtucket	20	65	-	149	2
Portsmouth	-	2	-	-	1
Providence	15	442	232	104	6
Richmond	2	-	-	-	16
Scituate	1	-	-	-	1
Smithfield	-	2	-	1	1
South Kingstown	7	-	-	-	34
Tiverton	-	1	-	-	-
Warwick	18	7	-	3	23
Westerly	6	-	-	-	8
West Warwick	12	-	-	4	4
Woonsocket	-	1	-	1	-
Bristol-Warren	-	4	-	-	-
Exeter-West Greenwich	6	-	-	-	20
Foster-Glocester	-	1	-	-	-
Central Falls	28	10	-	21	-
Total	199	632	252	384	250
<i>Adjusted Chariho</i>	<i>10</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>41</i>

Table 5: FY 2021 Charter and State School Enrollment by Sending District

<i>Sending District</i>	<i>Learning Community</i>	<i>New England Laborers</i>	<i>Nowell Academy</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>
Barrington	-	-	-	-	-
Burrillville	-	-	1	-	-
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	3	84	5	14	-
Cumberland	2	-	1	1	-
East Greenwich	-	-	-	-	-
East Providence	-	4	1	5	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	1	11	1	4	-
Lincoln	-	-	1	1	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	-	3	-	7	-
North Smithfield	2	-	-	-	-
Pawtucket	124	7	28	28	-
Portsmouth	-	1	1	-	-
Providence	116	34	81	188	813
Richmond	-	-	-	-	-
Scituate	-	1	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	1	10	1	1	-
Westerly	-	-	-	-	-
West Warwick	-	6	-	-	-
Woonsocket	-	-	13	7	-
Bristol-Warren	-	-	-	2	-
Exeter-West Greenwich	-	-	-	1	-
Foster-Glocester	-	-	-	-	-
Central Falls	333	8	24	12	-
Total	582	169	158	271	813
<i>Adjusted Chariho</i>	-	-	-	-	-

Table 5: FY 2021 Charter and State School Enrollment by Sending District

<i>Sending District</i>	<i>RI Mayoral Academies Blackstone Valley Prep</i>	<i>RISE Mayoral Academy</i>	<i>Segue Institute</i>	<i>Southside Elementary</i>	<i>Times2</i>
Barrington	-	-	-	-	-
Burrillville	-	54	-	-	-
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	-	1	1	-	-
Cumberland	424	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	3	-	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	-	-
Lincoln	202	-	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	3	-	-	-	-
North Smithfield	-	48	-	-	-
Pawtucket	863	-	-	-	-
Portsmouth	-	-	-	-	-
Providence	10	-	1	143	726
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	2	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	2	-	-	-	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	-	240	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	641	-	231	-	-
Total	2,150	343	233	143	726
<i>Adjusted Chariho</i>	-	-	-	-	-

Table 5: FY 2021 Charter and State School Enrollment by Sending District

<i>Sending District</i>	<i>Trinity</i>	<i>Village Green</i>	<i>Davies Career & Tech Center</i>	<i>Metropolitan Career & Tech Center</i>	<i>Urban Collaborative</i>
Barrington	-	-	-	3	-
Burrillville	-	-	7	2	-
Charlestown	-	-	-	2	-
Coventry	-	-	-	4	-
Cranston	-	17	10	32	2
Cumberland	-	2	26	7	1
East Greenwich	-	-	-	5	-
East Providence	-	6	9	20	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	1	-
Jamestown	-	-	-	4	-
Johnston	-	7	10	18	-
Lincoln	-	1	48	1	-
Little Compton	-	-	-	2	-
Middletown	-	-	-	13	-
Narragansett	-	-	-	-	-
Newport	-	-	-	18	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	17	-
North Providence	-	6	34	9	-
North Smithfield	-	1	2	-	-
Pawtucket	-	17	529	62	-
Portsmouth	-	-	-	8	-
Providence	204	150	50	414	125
Richmond	-	-	-	3	-
Scituate	-	-	-	3	-
Smithfield	-	-	12	-	-
South Kingstown	-	-	-	16	-
Tiverton	-	-	-	13	-
Warwick	-	9	2	12	-
Westerly	-	-	-	-	-
West Warwick	-	3	1	2	-
Woonsocket	-	2	16	21	-
Bristol-Warren	-	1	1	10	-
Exeter-West Greenwich	-	1	-	4	-
Foster-Glocester	-	-	-	1	-
Central Falls	-	1	128	53	5
Total	204	224	885	780	133
<i>Adjusted Chariho</i>	-	-	-	6	-

Table 6: Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Achievement</i>		<i>Blackstone</i>		<i>Charette</i>	<i>Compass</i>
	<i>First</i>	<i>Beacon</i>	<i>Academy</i>			
Barrington	\$ -	\$ 3,380	\$ -	\$ -	\$ -	
Burrillville	-	270,427	-	-	-	
Charlestown	-	-	-	-	-	31,027
Coventry	-	15,969	-	-	-	-
Cranston	1,036,660	52,064	-	-	-	19,669
Cumberland	-	198,424	-	-	-	-
East Greenwich	-	-	-	-	-	3,737
East Providence	-	11,773	-	-	-	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	47,246
Jamestown	-	-	-	-	-	1,662
Johnston	-	9,740	-	-	-	-
Lincoln	-	25,606	-	-	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	3,199
Narragansett	-	-	-	-	-	17,666
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	-	-	-	154,926
North Providence	523,998	77,024	-	-	-	14,004
North Smithfield	3,388	59,628	-	-	-	-
Pawtucket	16,576	162,442	1,677,465	-	-	8,288
Portsmouth	-	-	-	-	-	-
Providence	17,070,000	212,825	777,428	2,001,614	-	54,526
Richmond	-	-	-	-	-	35,872
Scituate	-	-	-	-	-	-
Smithfield	-	6,865	-	-	-	-
South Kingstown	-	-	-	-	-	66,015
Tiverton	-	-	-	-	-	-
Warwick	103,794	32,533	-	-	-	10,844
Westerly	2,676	-	-	-	-	102,205
West Warwick	16,130	32,260	-	-	-	-
Woonsocket	-	2,155,494	-	-	-	-
Bristol-Warren	-	2,535	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-	41,773
Foster-Glocester	-	4,080	-	-	-	-
Central Falls	-	9,758	1,627,556	-	-	-
Total	\$ 18,773,222	\$3,342,827	\$ 4,082,449	\$ 2,001,614	\$	612,659

Table 6: Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Greene School</i>	<i>Highlander</i>	<i>Hope Academy</i>	<i>International</i>	<i>Kingston Hill</i>
Barrington	\$ 2,366	\$ -	\$ -	\$ 5,070	\$ -
Burrillville	5,542	-	-	-	-
Charlestown	7,838	-	-	-	28,415
Coventry	202,903	-	-	4,697	53,544
Cranston	119,170	448,911	-	148,094	5,785
Cumberland	14,114	14,114	-	39,021	-
East Greenwich	6,228	-	-	-	3,488
East Providence	-	149,516	-	260,181	17,659
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	17,829	-	-	-	44,572
Jamestown	-	-	-	-	-
Johnston	21,429	38,961	-	38,961	14,611
Lincoln	-	23,899	-	33,288	4,268
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	3,199
Narragansett	3,397	-	-	1,699	14,948
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	2,901	-	-	4,062	239,062
North Providence	14,004	71,189	119,037	105,033	5,835
North Smithfield	-	-	-	-	-
Pawtucket	215,485	734,305	-	1,592,929	16,576
Portsmouth	-	2,641	-	-	1,848
Providence	156,541	5,308,322	2,543,351	1,062,368	56,284
Richmond	7,798	-	-	-	67,065
Scituate	1,994	-	-	-	1,994
Smithfield	-	6,407	-	2,288	2,288
South Kingstown	11,717	-	-	-	50,869
Tiverton	-	5,379	-	-	-
Warwick	75,909	37,955	-	13,168	93,725
Westerly	18,194	-	-	-	23,545
West Warwick	94,091	-	-	26,883	29,571
Woonsocket	-	12,347	-	12,347	-
Bristol-Warren	-	21,402	-	-	-
Exeter-West Greenwich	15,534	-	-	-	50,180
Foster-Glocester	-	5,102	-	-	-
Central Falls	351,271	136,605	-	275,162	-
Total	\$ 1,366,254	\$ 7,017,055	\$ 2,662,388	\$ 3,625,251	\$ 829,329

Table 6: Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Learning Community</i>	<i>New England Laborers</i>	<i>Nowell Academy</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	-	-	7,758	-	-
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	17,355	608,575	38,181	104,129	-
Cumberland	8,302	-	5,812	5,812	-
East Greenwich	-	-	-	-	-
East Providence	-	30,609	8,241	36,496	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	4,870	67,208	6,818	25,325	-
Lincoln	-	-	5,975	5,975	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	-	22,174	-	54,851	-
North Smithfield	6,776	-	-	-	-
Pawtucket	1,359,211	71,276	318,254	314,939	-
Portsmouth	-	1,320	1,848	-	-
Providence	1,322,683	372,884	990,253	2,261,929	9,387,181
Richmond	-	-	-	-	-
Scituate	-	1,994	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	3,873	49,573	5,422	5,422	-
Westerly	-	-	-	-	-
West Warwick	-	53,766	-	-	-
Woonsocket	-	-	153,460	86,431	-
Bristol-Warren	-	-	-	7,097	-
Exeter-West Greenwich	-	-	-	3,491	-
Foster-Glocester	-	-	-	-	-
Central Falls	4,400,647	109,284	320,047	156,121	-
Total	\$ 7,123,717	\$ 1,388,665	\$ 1,862,069	\$ 3,068,016	\$ 9,387,181

Table 6: Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>RI Mayoral Academies Blackstone Valley Prep</i>	<i>RISE Mayoral Academy</i>	<i>Segue Institute</i>	<i>Southside Elementary</i>	<i>Times2</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	-	330,276	-	-	-
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	-	8,099	5,785	-	-
Cumberland	2,065,602	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	17,659	-	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	-	-
Lincoln	979,869	-	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	19,840	-	-	-	-
North Smithfield	-	177,530	-	-	-
Pawtucket	9,164,728	-	-	-	-
Portsmouth	-	-	-	-	-
Providence	94,980	-	8,794	1,683,255	8,291,394
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	4,576	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	10,844	-	-	-	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	-	2,599,998	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	8,370,010	-	3,069,719	-	-
Total	20,728,109	\$ 3,115,903	\$ 3,084,299	\$ 1,683,255	\$ 8,291,394

Table 6: Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Trinity</i>	<i>Village Green</i>	<i>Davies Career and Technical Center</i>	<i>Metropolitan Career and Technical Center</i>	<i>Urban Collaborative</i>
Barrington	\$ -	\$ -	\$ -	\$ 7,098	\$ -
Burrillville	-	-	41,007	15,516	-
Charlestown	-	-	-	3,266	-
Coventry	-	-	-	20,666	-
Cranston	-	130,740	74,047	238,339	16,198
Cumberland	-	8,302	131,176	39,021	5,812
East Greenwich	-	-	-	6,726	-
East Providence	-	47,092	62,396	145,984	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	4,457	-
Jamestown	-	-	-	2,659	-
Johnston	-	47,728	52,598	111,040	-
Lincoln	-	5,975	228,750	5,975	-
Little Compton	-	-	-	2,187	-
Middletown	-	-	-	51,822	-
Narragansett	-	-	-	-	-
Newport	-	-	-	115,455	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	53,963	-
North Providence	-	42,013	235,741	64,187	-
North Smithfield	-	3,388	6,776	-	-
Pawtucket	-	190,621	5,461,707	646,454	-
Portsmouth	-	-	-	11,618	-
Providence	2,416,711	1,797,583	594,504	4,949,509	1,465,153
Richmond	-	-	-	13,257	-
Scituate	-	-	-	6,779	-
Smithfield	-	-	29,289	-	-
South Kingstown	-	-	-	28,006	-
Tiverton	-	-	-	56,098	-
Warwick	-	39,504	10,844	61,967	-
Westerly	-	-	-	-	-
West Warwick	-	28,227	9,409	16,130	-
Woonsocket	-	21,167	179,918	252,239	-
Bristol-Warren	-	7,152	7,152	52,023	-
Exeter-West Greenwich	-	3,491	-	9,268	-
Foster-Glocester	-	-	-	3,645	-
Central Falls	-	13,661	1,639,265	700,591	68,303
Total	\$ 2,416,711	\$ 2,386,642	\$ 8,764,580	\$ 7,695,945	\$ 1,555,465

Table 7: Enacted Categorical Aid for FY 2021

<i>Sending District</i>	<i>High Cost Special Education</i>	<i>ELL</i>	<i>Non-Public Transportation</i>	<i>Regional Transportation</i>	<i>Total</i>
Barrington	\$ 135,433	\$ 2,483	\$ 139,569	\$ -	\$ 277,485
Burrillville	77,879	582	57,674	-	136,135
Charlestown	-	86	-	-	86
Coventry	49,521	6,900	12,015	-	68,436
Cranston	427,579	138,410	745,480	-	1,311,469
Cumberland	11,459	18,296	74,357	-	104,112
East Greenwich	125,503	850	74,702	-	201,055
East Providence	424,172	51,888	1,555	-	477,615
Foster	35,020	-	-	-	35,020
Glocester	96,273	-	-	-	96,273
Hopkinton	-	234	-	-	234
Jamestown	34,692	-	-	-	34,692
Johnston	229,127	31,686	180,588	-	441,401
Lincoln	156,981	5,374	-	-	162,355
Little Compton	-	54	-	-	54
Middletown	35,304	13,260	-	-	48,564
Narragansett	54,403	446	-	-	54,849
Newport	39,377	63,012	-	-	102,389
New Shoreham	-	582	-	-	582
North Kingstown	70,103	6,546	-	-	76,649
North Providence	276,124	37,658	120,340	-	434,122
North Smithfield	67,279	1,067	11,570	-	79,916
Pawtucket	154,090	430,509	153,114	-	737,713
Portsmouth	98,703	346	-	-	99,049
Providence	383,469	2,924,123	317,931	-	3,625,523
Richmond	-	409	-	-	409
Scituate	45,276	-	35,180	-	80,456
Smithfield	92,728	1,801	136,125	-	230,654
South Kingstown	142,614	2,474	125,063	-	270,151
Tiverton	94,466	806	-	-	95,272
Warwick	388,596	22,150	5,535	-	416,281
Westerly	134,999	5,311	-	-	140,310
West Warwick	24,434	20,453	51,993	-	96,880
Woonsocket	94,325	253,589	9,815	-	357,729
Bristol-Warren	143,622	6,809	359,840	1,274,721	1,784,992
Chariho	95,008	-	244,360	1,795,665	2,135,033
Exeter-West Greenwich	160,094	1,009	136,873	1,048,253	1,346,229
Foster-Glocester	66,514	390	-	504,037	570,941
Central Falls	3,811	522,208	45,005	-	571,024
Subtotal	\$ 4,468,984	\$ 4,571,801	\$ 3,038,684	\$ 4,622,676	\$ 16,702,145
Charters & State Schools	31,016	428,199	-	-	459,215
Total	\$ 4,500,000	\$ 5,000,000	\$ 3,038,684	\$ 4,622,676	\$ 17,161,360

Table 8: Education Aid for FY 2015 – FY 2019

<i>District</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>	<i>FY 2018</i>	<i>FY 2019</i>
Barrington	\$ 4,701,418	\$ 5,157,096	\$ 5,551,766	\$ 5,347,807	\$ 5,481,235
Burrillville	13,173,610	13,301,214	13,111,036	13,185,862	12,467,771
Charlestown	1,708,666	1,706,421	1,683,295	1,667,742	1,602,569
Coventry	21,039,824	21,919,203	23,602,823	23,202,975	22,790,523
Cranston	47,040,378	51,129,521	56,028,985	59,005,591	61,904,926
Cumberland	15,756,436	16,689,944	17,980,588	19,188,663	20,796,258
East Greenwich	2,469,555	2,911,567	2,810,467	2,739,941	3,167,385
East Providence	29,373,000	31,094,815	33,101,436	35,519,125	35,710,484
Foster	1,193,192	1,206,855	1,199,424	1,207,049	1,164,308
Glocester	2,640,483	2,546,606	2,546,748	2,407,384	2,323,354
Hopkinton	5,576,348	5,470,735	5,386,069	5,273,139	5,223,049
Jamestown	406,834	456,252	473,875	473,751	522,234
Johnston	13,192,809	14,241,390	16,142,240	18,638,808	18,398,579
Lincoln	9,855,862	10,434,249	11,192,952	12,510,493	12,325,264
Little Compton	401,928	398,464	413,267	397,113	355,525
Middletown	8,905,309	8,723,282	8,621,818	8,262,827	7,979,347
Narragansett	1,993,920	2,154,808	2,150,151	2,139,471	2,313,574
Newport	10,623,202	10,597,219	10,938,355	11,589,919	12,433,123
New Shoreham	91,103	103,748	131,168	142,068	156,926
North Kingstown	10,725,467	10,693,934	10,897,112	10,749,543	10,127,666
North Providence	16,607,860	18,350,725	20,168,707	22,019,145	23,428,292
North Smithfield	5,587,845	5,824,568	6,177,521	6,025,062	6,219,135
Pawtucket	74,842,935	78,877,331	83,927,607	89,154,022	88,331,184
Portsmouth	4,882,427	4,797,771	4,787,381	4,476,100	4,178,680
Providence	215,122,639	223,060,894	235,212,373	248,790,857	253,712,258
Richmond	5,205,437	5,063,630	4,840,982	4,676,150	4,596,526
Scituate	3,960,437	3,974,844	3,794,601	3,612,503	3,369,504
Smithfield	5,115,212	5,348,196	5,961,894	6,341,204	7,854,975
South Kingstown	7,977,157	7,757,160	7,485,517	6,955,455	6,293,429
Tiverton	5,828,165	6,068,532	6,284,270	6,531,284	6,779,518
Warwick	36,064,777	36,764,894	38,252,322	39,146,338	37,379,213
Westerly	7,704,193	8,418,818	8,904,660	8,851,953	8,766,881
West Warwick	21,027,603	21,881,242	23,082,050	24,376,898	26,186,038
Woonsocket	50,690,278	53,233,700	56,340,793	59,646,576	62,454,134
Bristol-Warren	16,749,945	16,207,317	16,003,657	15,727,351	14,912,237
Exeter-West Greenwich	6,637,627	6,230,076	1,810,108	2,010,375	2,126,257
Chariho	1,316,445	1,322,688	6,384,057	6,190,095	6,071,142
Foster-Glocester	5,204,461	5,113,855	5,130,308	5,030,941	5,199,951
Central Falls	39,085,004	39,597,253	39,687,299	40,320,646	41,173,119
<i>District Subtotal</i>	\$ 730,479,794	\$ 758,830,818	\$ 798,199,682	\$ 833,532,225	\$ 846,276,575
Charter Schools	59,055,781	67,474,258	75,055,934	82,958,017	90,617,343
State Schools	23,299,251	22,300,780	23,047,390	24,261,167	24,423,782
Total	\$ 812,834,826	\$ 848,605,856	\$ 896,303,006	\$ 940,751,409	\$ 961,317,699

Revenues Changes

The Governor recommended \$113.7 million more general revenues than estimated at the November 2019 Revenue Estimating Conference for FY 2021 for a total of \$4,355.3 million. This includes a number of changes to current law, none of which were adopted. Revenue estimates were officially revised in May and November 2020 before the budget was enacted in December. The November 2020 estimate was \$203.2 million less than the projections made one year earlier and upon which the Governor's original budget was based. This was an improvement from the May estimate which had projected a steeper decline from the effects of the pandemic.

The Budget includes \$4,038.4 million of current revenues, which is \$18.0 million less than the November 2020 consensus revenue estimate. That adjustment is related to the temporary closure of the state casinos which was announced after the estimates were adopted. The Budget assumes that the closure and potential other surge related interruptions will lower available revenues and adjusts them downward by \$18.0 million to recognize the potential impact.

The progression of the general revenue estimates from November 2019 is shown in the table below by source. That is followed by descriptions of the changes the Governor proposed but were not adopted.

FY 2021	Nov. 19 CRE	FY 2021 Governor	May 2020 CRE	Nov. 20 CRE	FY 2021 Enacted
Personal Income Tax	\$ 1,495.7	\$ 1,497.0	\$ 1,295.8	\$ 1,450.4	\$ 1,450.4
General Business Taxes					
Business Corporations	153.1	154.8	132.3	151.3	151.3
Public Utilities Gross	105.0	105.2	98.9	109.6	109.6
Financial Institutions	21.1	21.1	21.2	18.5	18.5
Insurance Companies	129.5	128.7	120.7	133.7	133.7
Bank Deposits	3.0	3.0	3.1	3.1	3.1
Health Care Provider	44.5	44.1	42.0	42.0	42.0
Sales and Use Taxes					
Sales and Use	1,239.8	1,269.5	1,109.1	1,212.8	1,212.8
Motor Vehicle	3.0	3.0	2.0	1.0	1.0
Cigarettes	133.6	136.4	130.6	155.0	155.0
Alcohol	20.6	15.3	20.5	22.0	22.0
Other Taxes					
Inheritance and Gift	48.2	48.2	44.9	58.1	58.1
Racing and Athletics	1.2	1.2	1.0	0.4	0.4
Realty Transfer	14.7	14.7	14.5	15.4	15.4
<i>Subtotal - Taxes</i>	<i>\$ 3,413.0</i>	<i>\$ 3,442.2</i>	<i>\$ 3,036.6</i>	<i>\$ 3,373.3</i>	<i>\$ 3,373.3</i>
Departmental Receipts	\$ 410.0	\$ 456.4	\$ 403.0	\$ 390.0	\$ 390.0
Other Miscellaneous	14.7	31.6	12.1	10.3	10.3
Lottery	395.5	395.5	265.2	272.5	254.5
Cannabis	-	21.1	-	-	-
Unclaimed Property	8.4	8.4	9.0	10.3	10.3
Total General Revenues	\$ 4,241.6	\$ 4,355.3	\$ 3,725.9	\$ 4,056.4	\$ 4,038.4

**In millions*

The Governor recommended \$113.7 million more general revenues than estimated at the November 2019 Revenue Estimating Conference for FY 2021 for a total of \$4,355.3 million. This includes a number of changes to current law, none of which were adopted but all are described below.

Taxes

- ***Earned Income Tax Credit.*** The Governor proposed increasing the refundable Rhode Island earned income tax credit by one percentage point increments each tax year for five years until it reaches 20.0 percent of the federal credit. Fully phased in, the annual lost revenue to the state would be \$11.6 million. Under current law, the state credit is 15.0 percent of the federal credit.
- ***Medicaid Spending Proposals.*** The Budget does not contain the Governor's proposals to alter Medicaid expenditures delivered through managed care plans and nursing facilities. There were also two proposals that increase revenue to the managed care plans. Those entities are taxed on gross revenues therefore a change in taxes would also occur. The Governor's budget had assumed that these proposals would reduce revenue from managed care organizations through the 2.0 percent provider tax by \$0.8 million. The estimated loss from the 5.5 percent nursing facilities provider tax is \$0.4 million.
- ***Reciprocal Payment Offset Program.*** The Governor's budget assumed \$5.0 million in revenues from expanding the state's participation in a federal reciprocity program to include taxes other than personal income and other debts such as unemployment overpayments and back child support. The state would be able to offset federal refunds for debts owed to Rhode Island and would in return allow state refunds to be offset for federal debt. This would be similar to the current reciprocity program the state participates in for personal income taxes.
- ***Alcohol Tax Changes.*** The Assembly did not concur with the Governor's proposal to restructure alcohol taxes. The Governor had proposed lowering the alcohol excise tax on high proof spirits by \$1.65 per gallon to \$3.75 and on wine by \$0.80 per gallon to \$0.60, reducing collections by \$5.3 million. The proposal would also eliminate the sales tax exemption on wine and spirits sold by Class A licensees and impose the 7.0 percent sales tax, effective October 1, 2020 for an increase of \$14.4 million for FY 2021. This would have reversed a change made by the 2013 Assembly at which time the annualized impact was estimated to be \$4.8 million growing over time with inflation.
- ***Sales Tax Expansion.*** The Budget does not contain the Governor's proposal to expand services subject to the state sales tax. The Governor's budget assumed \$14.1 million in revenues from making lobbying services, computer design and related services, fishing, hunting, trapping and shooting services, couriers and messengers, and interior design services all subject to the state sales tax effective either October 1 or January 1, depending on the item. The updated FY 2021 value of the proposal is \$3.2 million assuming an April 1 start for computer design and related services, lobbying and fishing, hunting, trapping and shooting services, and no revenues from the other items until FY 2022.
- ***Tobacco Regulation Changes.*** The Governor proposed to increase the cigarette tax by \$0.35, to \$4.60 per 20-pack, raise the cigar tax by \$0.30, increase cigarette dealer license fees, subject e-cigarette dealers to a new wholesale tax, and increase cigarette licensing fees. The Governor's budget assumed \$5.3 million in revenues assuming the fee increase proposal would be effective July 1, the cigarette and cigar tax would be effective August 1, and the proposals related to vaping products effective September 1, 2020.

The Budget does assume a loss of \$3.7 million from the recent federal action to raise the minimum age of the sale of tobacco products from 18 to 21. This was incorporated into the May 2020 revenue revisions.

- ***Controlling Interest Transfer Tax.*** The Governor proposed to exempt the controlling interest transfer of affordable housing developments from the real estate conveyance tax; the associated general revenue loss would have been \$36,722.

Departmental Revenues

- ***Hospital Licensing Fee at 6.0 Percent.*** The Governor proposed to increase the FY 2021 fee from the 5.0 percent current rate to 6.0 percent, except for South County Hospital and Westerly Hospital which will pay a lower 3.78 percent fee. This would have generated \$32.3 million in additional revenue. Revenue from the two-tiered fee will be \$193.8 million, including \$187.0 million from community hospital payments and \$6.8 million from state payments for Eleanor Slater Hospital. The FY 2021 enacted budget retains the current law rate of 5.0 percent for a total of \$161.5 million.
- ***Hotel Tax 1.0 Percent Increase.*** The Assembly did not adopt the Governor's proposal to increase the 5.0 percent state hotel tax to 6.0 percent, effective July 1, 2020 and retain that extra one percent for state general revenues. The Governor's budget included \$4.4 million in revenues assuming the proposal would be effective July 1, 2020.
- ***Adult Use Marijuana.*** The Assembly did not adopt the Governor's proposal to establish an adult use marijuana program. The proposal assumed splitting retail sales revenues, net of wholesale procurement costs, among the contractors, municipalities and the state. The split would have been 29.0 percent to retail contractors, 10.0 percent to municipalities, and the state would retain the remaining 61.0 percent. The proposal assumed that retail sales would begin March 2021, and revenues would annualize to about \$40.0 million.
- ***Fire Marshal Fees.*** The Governor proposed raising the fees assessed by the Fire Marshal's Office for plan review and inspection to generate \$0.6 million in new revenues effective July 1, 2020.
- ***Pesticide Alternate Brand Names Fee.*** The Governor proposed to require manufacturers and distributors of alternate brand name pesticide products to pay a \$200 pesticide registration fee. The Governor's budget assumed \$0.3 million in revenues based on a July 1 effective date.
- ***DEM Expedited Permitting Fees.*** The Budget does not contain the Governor's proposal for the Department of Environmental Management to charge higher fees for complex or multi-jurisdiction projects in order to support new case managers to facilitate the projects. The Governor's budget included \$0.6 million in revenues with the offsetting cost of personnel assuming the proposal would be effective July 1, 2020.
- ***DMV Fees.*** The Budget does not does contain the Governor's various proposals for new and increased fees at the Division of Motor Vehicles. The Governor's budget assumes \$3.6 million of new revenues from inspection violation enforcement, certified driver abstract subscriptions and late fees for renewals assuming an October 1, 2020 start for late fees and a July 1, 2020 start date for all other initiatives. Assuming a six month delay reduces the estimated impact to \$1.6 million.
- ***DMV CDL Transfer.*** The Budget does not include the Governor's proposal to transfer the administration of commercial driver's skill tests from the Community College of Rhode Island to the Division of Motor Vehicles effective January 1, 2021 and excludes associated revenues and expenses. The Governor's budget assumes \$94,000 of revenue currently collected as restricted receipts would be converted to general revenues. It does appear that implementation would require at least a few of the six months lead time envisioned in the original proposal.

- ***Cigarette and e-Cigarette Dealer Licensing.*** The Governor's budget includes \$0.4 million in new revenues from several changes to the state's cigarette licensing fees and expanding it to include dealers of e-cigarette products. The Assembly did not concur.
- ***Interstate Medical Licensing.*** The Assembly did not concur with the Governor's proposal requiring the state to join four interstate compacts for four health professions, including physicians, emergency medical personnel, psychologists, and physical therapists. Expedited licenses for these professionals would be issued by the interstate compacts. The legislation amended current law to repeal legislation for the current nurse licensure compact and includes revised model legislation that has been adopted by the compact. The Budget had assumed a loss of \$59,331 for the last quarter of FY 2021; the annualized impact is a loss of \$0.2 million.
- ***Request for Public Health Data Fees.*** The Budget does not include the Governor's proposal allowing the Department of Health, through rules and regulation to charge a new fee for data requests. These data are currently used to monitor health status and trends in natality, morbidity and mortality. The legislation requires that approximately 50 percent of revenues be appropriated to the Department of Health to sustain its capacity to manage data systems to meet demands. The recommended budget had assumed \$0.4 million in new revenue and \$0.2 million more for operating expenses.
- ***Fee Exemption Removal for EMS Licensees.*** The Budget does not contain the Governor's proposal or associated revenues from removing the current law exemption from emergency medical license fees for municipal employees and volunteer or non-profit organizations. The fees are established through rules and regulations; the licensing fee for paramedics is \$80 biennially, and \$120 triennially for emergency medical technicians. The Governor's budget included \$333,600 in revenues assuming the proposal would be effective July 1, 2020.
- ***Shellfish Dockside Program.*** The Budget does not contain the Governor's proposal to authorize the director of the Department of Health to impose licensing fees on marine shellfish processors; the fees would be established through rules and regulations. The recommended budget had assumed \$0.4 million in revenues; the funds would be used to support staff and operating expenses associated with providing sampling, laboratory testing and monitoring. The fees would be based on estimated expenditures for the program; the budget reflects a like amount in expenditures.
- ***Division of Sheriffs Training Academy Fee.*** The Governor proposed a \$50 application fee for the Division of Sheriffs. This was estimated to generate \$13,000 of revenue.
- ***DUI/Refused Breathalyzer Fee.*** The Governor proposed imposing a new \$250 substance abuse education fee for anyone convicted of driving under the influence, or refusing to take a breathalyzer effective January 1, 2021.
- ***Rite Share Noncompliance Penalties.*** The Governor's budget assumes \$165,675 in new revenues from penalties paid by employers with at least 50 employees who do not comply with the reporting requirements identifying employees with access to employer sponsored insurance. The budget also includes \$150,711 of implementation costs for the Division of Taxation and assumes \$5.6 million in general revenue savings in the Executive Office of Health and Human Services from increased enrollment in Rite Share. The Assembly did not concur.
- ***Workplace Tax Compliance.*** The Budget does not include the Governor's workplace tax compliance proposal to double misclassification penalties and increase the minimum penalty for prevailing wage violations. Net of \$0.4 million in implementation costs for 4.0 new full-time equivalent positions, the increased revenues were estimated to be \$3.8 million.

- ***Veterans' Home Payments to Restricted Receipts.*** The Budget does not include the Governor's proposal to shift the monthly assessment paid by veterans residing at the Rhode Island Veterans' Home totaling \$4.5 million that currently are deposited as general revenues to restricted receipts. There would also be a corresponding shift of expenses. The Governor's proposal would have increased the assessment from 80 percent of their net income to 100 percent, adjusted for certain deductions. The proposal would have also increased the monthly personal needs allowance of \$150 to \$300.

- ***Attorney General Settlements.*** The Budget excludes the \$1.7 million in new revenue from settlement agreements entered into by the Office of the Attorney General included in the Governor's recommended budget. This was associated with a proposal to add four new positions to support the effort to pursue multistate settlements for a net impact of \$1.3 million. It was unclear how this estimate was derived and what the assumptions are on timing of such settlements.

Other Revenues

- ***Adult Use Marijuana.*** The Governor's budget assumes \$21.8 million in new revenues from establishing an adult use marijuana program. This includes new revenues totaling \$21.1 million splitting retail sales revenues, net of wholesale procurement costs, among the contractors, municipalities and the state, as well as \$0.7 million from licensing fees for three new industries and certain employees associated with these activities. The proposed revenue split would be 29.0 percent to retail contractors, 10.0 percent to municipalities, and the state would retain the remaining 61.0 percent, to be deposited as general revenues. The proposal assumes that retail sales begin March 2021 and revenues annualize to about \$40.0 million. The Assembly did not concur.

- ***Administrative Fee on Pass-Through Taxes.*** The Budget does not include the Governor's proposal for the Division of Taxation to retain a 2.0 percent fee from multiple local pass-through taxes which it collects, monitors, and distributes proceeds to the state's municipalities. As proposed, this was estimated to generate \$0.8 million in new revenues assuming an effective date of July 1, 2021.

- ***Quasi-Public Transfers.*** The Governor proposed that several quasi-public entities transfer funds to state general revenues by the close of FY 2021. The entities and amounts proposed are shown below. As previously noted, none of the transfer proposals were adopted.

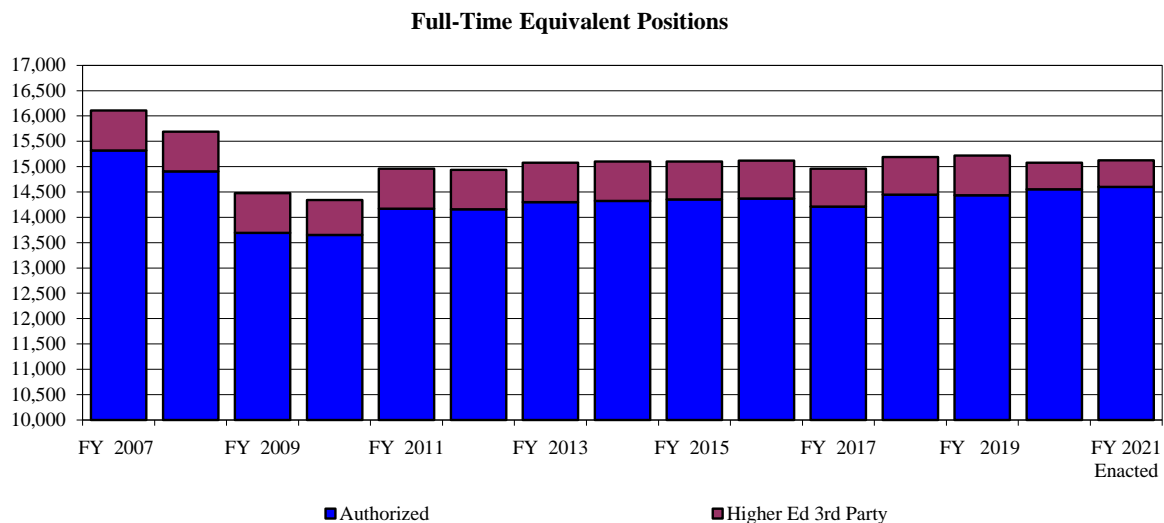
Proposed Transfer by Entity	FY 2021
Infrastructure Bank	\$ 5,000,000
Rhode Island Housing	1,093,375
Resource Recovery Corporation	5,000,000
RI Health & Educational Building Corporation	1,000,000
Rhode Island Student Loan Authority	2,000,000
Narragansett Bay Commission	2,000,000
Total Transfers	\$ 16,093,375

State Government Personnel and Staffing

The Governor recommended \$2,246.5 million for personnel expenditures and 15,074.7 full-time equivalent positions, including 523.8 higher education positions dedicated for research or supported by other third-party funds. The expenditures include salaries and benefits, as well as contracted services. The recommendation is \$63.2 million more than the enacted budget, including \$36.0 million more for salaries and benefits and \$27.2 million more for contracted services, of which \$9.2 million or approximately one-third is in the Department of Transportation's budget.

The recommendation assumes the enacted level of staffing; however, this includes approximately 240 new positions and offsetting reductions. Among the staffing changes are 45.0 new positions in the Department of Transportation to carry out the Department's plan to perform more operations in-house; 42.0 new positions in the Department of Health funded primarily from federal funds and restricted receipts; 40.0 new positions in the Department of Children, Youth and Families; 13.0 new positions relating to the adult use marijuana proposal in the Department of Business Regulation; 12.0 new positions for discharge planning and other programs in the Department of Corrections; and 9.0 new positions in the Department of Elementary and Secondary Education. These new positions and several others are offset by a reduction of 204.0 positions from the privatization of the state-run system for adults with developmental disabilities also known as Rhode Island Community Living and Supports.

The Assembly provided \$2,389.4 million for personnel expenditures and 15,124.7 full-time equivalent positions, including 523.8 higher education positions dedicated for research or supported by other third-party funds. The Assembly did not include the recommended new positions. However, it added 50.0 new positions, consistent with an amendment the Governor requested to increase staff related to the COVID-19 emergency. This includes 35.0 positions in the Department of Labor and Training to assist with the increase in unemployment claims and 15.0 positions in the Department of Health for COVID-19 and other elements of the Department's response effort.

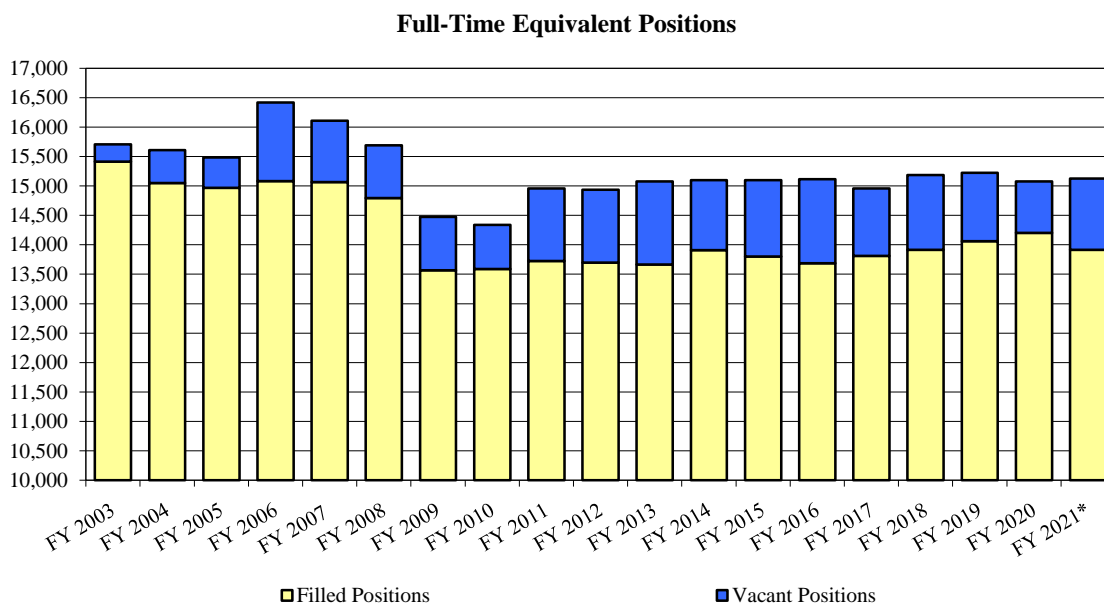


In FY 2020, the state averaged 14,205.1 filled positions, reflecting an average of 869.6 vacancies and in FY 2019, the state averaged 14,062.1 filled positions, reflecting an average of 1,011.6 vacancies.

For many years, the budget has also limited a certain number of higher education positions to those solely funded by third-party sources in response to requests from the higher education institutions to reduce constraints on their pursuit of outside research funding.

The General Assembly sets personnel limits for each agency and department defined as the maximum allowable number of full-time equivalent positions filled during any pay period. These limits are referred to as authorized levels. The authorized levels do not include temporary or seasonal employees or individuals in training requisite to employment, such as state trooper classes. Generally, agencies do not fill all authorized positions because of various reasons, such as hiring freezes or budgeted turnover savings. Turnover is budgeting less money than needed for full staffing. Turnover savings result from the gap in time from when an employee leaves state service and a new employee is hired at a lower cost or from when a department leaves a position vacant to achieve a certain level of savings.

The following chart shows averaged filled and authorized staffing levels from FY 2003 through FY 2020 and filled positions as of January 2, 2021. Authorized levels peaked in FY 2006; however, filled positions peaked in FY 2003. A significant reduction to both authorized and filled positions is apparent in FY 2009, FY 2010 and FY 2011 resulting from a major surge of retirements in 2008 and severe constraints put on refilling the vacancies. Other significant issues during that period are noted below.



- Total filled positions peaked at 15,413.9 in FY 2003. Filled positions dropped by 365.3 to 15,048.6 in FY 2004 during which there was a hiring freeze.
- The increase in authorized positions during FY 2005 is the result of an additional 461.2 higher education positions that are dedicated for research or supported by other third-party funds.
- Total authorized positions peaked in FY 2006 from an additional 151.9 authorized positions, primarily from a new class of correctional officers at the Department of Corrections and new nursing programs at each of the colleges. However, filled positions remained consistent with prior years.
- During FY 2007, the Governor proposed initiatives including measures to encourage eligible individuals to retire, such as ending statutory status and payment for unused sick leave and revisions to accrued vacation leave, freezing longevity payments, shutting down government operations for two days, and establishing limited service positions. The Assembly did not concur with the proposals; however, it did reduce vacant general revenue funded positions, eliminating 419.4 vacant positions.

- The decline in both authorized and filled positions in FY 2009 resulted from changes to retiree health benefits included in Article 4 of 2009-H 5019, Substitute A, as amended. This change caused a significant number of state employees to retire. There were 14,917.8 filled positions on December 6, 2007, compared to December 8, 2009, when there were 13,302.1 filled positions.

The FY 2017 enacted budget included authorization for 14,952.6 positions, 274.7 positions less than the Governor had recommended. The 2016 Assembly eliminated 225.0 vacancies to better align authorization and filled staffing levels.

The Governor's FY 2017 revised recommendation included 82.3 positions more than the enacted budget. For FY 2018, she recommended staffing of 15,067.4 positions, 114.8 positions more than enacted. She subsequently requested two amendments, adding 159.0 full-time equivalent positions for the Unified Health Infrastructure Project and making a technical change to staffing in the Judiciary, bringing her recommended staffing to 15,226.2 positions. The Assembly authorized only 14,959.0 positions for FY 2017, 6.4 positions more than enacted but 79.9 less than the Governor's revised budget; it did not concur with the majority of the new positions recommended. That year, the state averaged 13,809.6 filled positions.

In FY 2018, the state averaged 13,913.2 filled positions. During the second half of FY 2018, the administration implemented a voluntary retirement incentive under its own authority. State employees eligible to retire on or before December 31, 2017 were eligible for the incentive. Beginning on January 12, 2018, the number of filled positions declined for ten consecutive pay periods as eligible participants retired. On January 11, 2019, there were 149.3 more positions filled than there were when the program began.

The Governor recommended staffing of 15,426.5 full-time equivalent positions for FY 2019, 266.3 positions more than previously authorized for FY 2018. This added authorization for more than 300 new positions, offset by the elimination of numerous unidentified positions in several departments, notably the Departments of Administration, Public Safety and Transportation. The 2018 Assembly authorized FY 2019 staffing of 15,209.7 full-time equivalent positions, 49.5 positions more than enacted; however, it was 216.8 full-time equivalent positions less than recommended. This reflects the elimination of 160.0 vacancies to bring authorizations closer to funded staffing levels.

The FY 2020 recommendation was for 15,413.1 full-time equivalent positions, 203.4 more than FY 2019 enacted. The 2019 Assembly provided 15,074.7 positions for FY 2020, 338.4 fewer positions than the Governor's original recommendation. The Assembly did not concur with numerous new positions recommended and eliminated 202.0 full-time equivalent vacant positions.

The Governor's FY 2020 revised budget includes staffing of 15,095.7 full-time equivalent positions, 21.0 more than authorized for the Department of Children, Youth and Families. The recommendation for FY 2021 is consistent with the authorized level. The Governor subsequently requested an amendment to add 35.0 positions in the Department of Labor and Training to assist with the increase in unemployment claims and 15.0 in the Department of Health for COVID-19 related activities.

The Assembly provided the enacted staffing authorization of 15,074.7 full-time equivalent positions for FY 2020. It only concurred with the Governor's subsequent amendment and provided staffing of 15,124.7 full-time equivalent positions for FY 2021, which is 50.0 positions more than the FY 2020 enacted budget.

Personnel Costs

Personnel costs include both salaries and benefits and contracted services. Benefits include direct benefits to employees as well as assessed statewide employee benefits. Contracted services are services state government purchases by contract. The Governor's personnel recommendation includes \$1,871.4 million

for salaries and benefits and \$375.1 million for contracted services. These expenditures represent an increase of \$63.2 million or 2.9 percent from the FY 2020 enacted budget.

The recommendation includes \$1,871.4 million for salaries and benefits, an increase of \$36.0 million, or 2.0 percent. General revenue expenses for salaries and benefits increase by 3.2 percent and contracted services increase by 56.6 percent to reflect the restoration of general revenues for the Unified Health Infrastructure Project, for which settlement funds were assumed and the State Tax Administration and Revenue System, for which the enacted budget had assumed \$2.9 million from the Information Technology Investment Fund.

FY 2021 Enacted Excluding Internal Service Funds	General Revenues	Federal Funds	Restricted Receipts	Other Funds	Total
Salaries and Wages	\$ 538,487,281	\$ 289,701,926	\$ 45,483,814	\$ 373,558,480	\$ 1,247,231,501
Benefits	312,368,028	140,647,563	26,593,333	144,482,573	624,091,497
Total Salaries and Benefits	\$ 850,855,309	\$ 430,349,489	\$ 72,077,147	\$ 518,041,053	\$ 1,871,322,998
Contracted Services	103,308,102	310,618,687	72,861,913	31,322,275	518,110,977
Total Personnel	\$ 954,163,411	\$ 740,968,176	\$ 144,939,060	\$ 549,363,328	\$ 2,389,433,975

The Assembly provided \$2,389.4 million and staffing of 15,124.7 full-time equivalent positions for FY 2021. This is \$142.9 million more than the Governor's recommendation, including \$114.0 million less from general revenues to primarily reflect a shift in expenditures from general revenues to federal Coronavirus Relief funds. The federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for related expenditures incurred between March 1, 2020 and December 30, 2020, including responding directly to the emergency. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance with COVID-19 related public health measures. The Assembly provided \$518.1 million for contracted services, which is \$143.0 million more than recommended primarily for COVID-19 related expenses.

These expenditures exclude internal service funds; however, the staffing levels do include them, which skews the actual cost per position. Internal service funds, often called rotary accounts, are established to finance and account for the operations of certain overhead type programs that provide services to other state agencies on a charge for services basis. The expenditures appear as state operations costs in the agencies being charged and are not included in the statewide personnel totals to prevent double counting. The largest ones were converted to direct appropriations by the 2006 Assembly in the FY 2007 enacted budget. The 2009 Assembly included the Governor's proposal to convert the central laundry and pharmacy internal service funds into direct appropriations in FY 2010.

FY 2021 Enacted Including Internal Service Funds	General Revenues	Federal Funds	Restricted Receipts	Other Funds	Total
Salaries and Wages	\$ 538,487,281	\$ 289,701,926	\$ 45,483,814	\$ 418,474,600	\$ 1,292,147,621
Benefits	312,368,028	140,647,563	26,593,333	527,186,650	1,006,795,574
Total Salaries and Benefits	\$ 850,855,309	\$ 430,349,489	\$ 72,077,147	\$ 945,661,250	\$ 2,298,943,195
Contracted Services	103,308,102	310,618,687	72,861,913	46,885,943	533,674,645
Total Personnel	\$ 954,163,411	\$ 740,968,176	\$ 144,939,060	\$ 992,547,193	\$ 2,832,617,840

The 2017 Assembly adopted legislation authorizing internal service funds for centralized services including information technology, facilities management, and human resources. The legislation also requires that the Department of Administration report on a quarterly basis, starting with October 15, 2017, the fund activities, including breakdown by each department and agency. The report must be submitted to the Speaker of the House and President of the Senate with copies to the chairpersons of the House and Senate Finance Committees. As shown in the following table, the reports are often submitted late.

Fiscal Year	1st 10/15	2nd 1/15	3rd 4/15	4th 7/15
2021	10/30			
2020	10/31	1/17	5/20	8/24
2019	2/19		5/21	9/13
2018	10/13	2/21	11/24	

It should be noted that the operations for information technology services, facilities management and human resources support total \$99.1 million for FY 2020; however, the amount of resources that the enacted budget assumes in agency budgets to support these operations total \$84.6 million, a difference of \$14.5 million; it is likely that charges to agencies will increase to support the level of services that are budgeted. In December 2019, the administration indicated that the rates for FY 2020 were finalized. The revised budget assumes expenditures of \$97.7 million to support the aforementioned programs; the amount assumed in agency budgets to support them total \$92.2 million, a difference of \$5.6 million. The finalized rates for FY 2020 have somewhat reduced the gap between expenditures and resources.

ISF Budgets	FY 2020 Enacted	FY 2020 Revised	FY 2020 Final	FY 2021 Recommended	FY 2021 Enacted
Human Resources	\$ 14,847,653	\$ 13,381,939	\$ 13,381,939	\$ 13,937,328	\$ 14,237,328
DCAMM Facilities	40,091,033	40,214,312	40,214,312	42,849,110	42,849,110
Information Technology	44,113,005	44,127,512	44,127,512	49,488,621	49,488,621
Total	\$ 99,051,691	\$ 97,723,763	\$ 97,723,763	\$ 106,275,059	\$ 106,575,059
Agency Budgets	\$ 84,594,596	\$ 92,156,067	\$ 88,837,551	\$ 94,480,728	\$ 92,974,958
Difference	\$ (14,457,095)	\$ (5,567,696)	\$ (8,886,212)	\$ (11,794,331)	\$ (13,600,101)

The Governor's FY 2021 budget includes the creation of an internal service fund for payroll processing. Certain personnel from the Office of Accounts and Control who perform payroll related duties would be transferred to Human Resources; the costs of the associated positions would be charged to user agencies. The budget assumes general revenue savings of \$0.3 million for three positions in the Office; however, expenditures for them in the internal service fund budget are not included nor are they included in charges that would be billed to agencies. This will further impact billings for FY 2021.

There are three divisions of state service: classified, unclassified, and non-classified. Classified service includes competitive and non-competitive positions. Competitive positions require employees to take civil service examinations, as opposed to non-competitive positions which include positions that require licenses, certificates, or registrations. Positions may also be unclassified or non-classified. Positions in the unclassified service are established by law and are subject to compliance with standards of the federal government and regulations set forth by the state's Personnel Administrator. Positions in this category generally include the employees of elected officials, courts, boards and commissions, both houses of the General Assembly, department directors, and various positions of a policy making nature. All appointments are made by the appointing authorities or the Governor in accordance with the provisions of the laws governing such appointments and the personnel rules adopted for the unclassified service. Positions within the non-classified service are covered under contract terms for the Board of Education and include positions related to a health system transformation project, as well as faculty.

It should be noted that the Governor's two previous program supplement budget publications showed all previously authorized non-classified positions in higher education as unclassified positions, resulting from an error in transitioning to a new budget system. This was identified two years ago and was corrected in this year's publication. Other issues remain with unclassified positions and their legal authority.

Employee status refers to an employee's protection during reorganizations or layoffs. When an employee is first hired, he or she may have temporary or probationary status, which provides the least protection. All employees that were hired prior to August 7, 1996, will have statutory status when reaching 20 years of

state service. This means that the state is required to find a suitable position for that employee in the case of reorganizations or layoffs. For veterans, statutory status is acquired after 15 years of service. On January 29, 2020, the administration reported that there were 2,110 employees with statutory status, including 110 employees who were eligible through the veterans' provision.

Governor Chafee commissioned an analysis of the state's personnel system to recommend alternatives to the current system. The study was completed in January 2013 and found that the current personnel structure, organization and staffing of the Division of Human Resources was not sufficient to support the state's need as the recruiting process was highly paper-based, job classification structures did not reflect qualifications to deliver the services and the compensation structures were non-competitive.

A total of 16 actions were recommended, including: implementing an online application system, eliminating the public hearing process when making changes to the classification structure, and hiring a new chief of human resources to be dedicated to establishing strategic direction and developing policies. The 2013 Assembly provided funding for this position, which was filled in December 2013.

The FY 2016 revised and the FY 2017 recommended budgets included a total of \$1.2 million for a classification and compensation study. The study was completed in the summer of 2017 and through FY 2018, a total of \$0.8 million was spent. The following excerpts summarize the major findings from four comparisons.

Salary structure: Overall, the state's salary structure is different from the market in the following ways:

- Range minimum: 7.6 percent higher than the market average minimum
- Range midpoint: 2.5 percent lower than the market average midpoint
- Maximum: 11.8 percent lower than the market average maximum

Health care insurance:

- On average, Rhode Island is 9.7 percent higher than the market median for employer contribution to health care plans

Retirement plan:

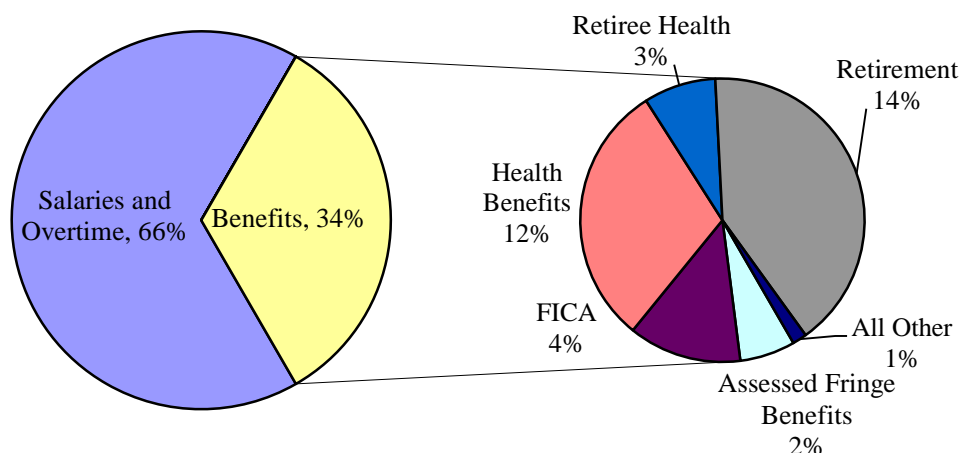
- On average, Rhode Island is 1.34 percentage points higher than the market for maximum employer contribution to the primary retirement plan

Paid leave:

- Rhode Island is comparable with the market for paid holidays, personal days, and bereavement days offered per year
- Rhode Island is comparable with the market for annual accrual vacation days and sick leaves
- Rhode Island is above the market for carry-over vacation days by 331 percent, and above market for carry-over sick leave by 711 percent

Salaries and benefits make up 78.3 percent of total personnel costs. The following charts represent the total cost of salaries and benefits. The larger pie chart divides salaries and wages, including overtime and benefits. The smaller pie chart breaks out the percentage of each benefit type. Each of the items included in the graphic is described in further detail in the paragraphs that follow.

FY 2021 Enacted Salaries and Benefits



Salaries. Direct salaries refer to the wages paid to state employees. This amount may increase due to many factors. For many state employees, pay scales are determined by position grade and classification. An employee will have a base salary, and there will be increases along a five-step scale annually after the employee's first six months. Prior to July 1, 2011, after an employee had been in state service for a specified number of years, he or she became eligible for longevity increases. These increases were applied to the base salary. This was authorized by collective bargaining agreements for union employees, with different increases for education agencies contained in statute; it was personnel policy for non-union employees.

The 2011 Assembly froze longevity increases for all employees effective July 1, 2011, or upon expiration of all current contracts when applicable. The Governor's FY 2016 recommended budget proposed changes to longevity that are described later in the report, though this proposal was later rescinded.

The following table shows the years that an employee was eligible for these increases.

Longevity Increases		
Years of Service*	Education Boards	All Others
5	-	5.0%
11	5.0%	10.0%
15	-	15.0%
20	10.0%	17.5%
25	-	20.0%

**As of July 1, 2011 or contract expiration*

For most positions, collective bargaining agreements also determine if an employee will receive a cost-of-living adjustment. This adjustment differs from a longevity increase because it applies to all employees in that pay grade. For example, if all state employees receive a 3.0 percent cost-of-living increase on July 1, then an employee with a pay grade ranging from \$50,000 to \$59,000 will now be in a pay grade of \$51,500 to \$60,770. The following table shows a recent history.

Cost-of-Living Adjustments		
Fiscal Year	Increase	Notable Adjustments
2010	2.5%	July 1; 8 furlough days
2011	3.0%	July 1,- 6 month delay; 4 furlough days
2012	3.0%	July 1, 2011
2013	-	
2014	2.0%	April 6, 2014
2015	2.0%	October 5, 2014
2016	2.0%	October 4, 2015
2017	-	
2018	2.0%	December 24, 2017
2019	2.5%	December 23, 2018
2020	3.0%	2.0% June 23 & 1% December 22

Excludes Troopers, RIBCO and some other smaller unions

In April 2018, Governor Raimondo reached agreements with a majority of state employee unions for wage and benefit changes that include cost-of-living adjustments of 2.0 percent effective December 24, 2017, 2.5 percent effective December 23, 2018, 2.0 percent effective June 23, 2019, and 1.0 percent effective December 22, 2019. Her proposed budgets did not include funding for these increases. The Assembly added \$6.9 million for FY 2018 and \$19.8 million for FY 2019 from general revenues to account for these agreements assuming all unions reached similar terms.

Overtime. Overtime accounts for 4.2 percent of total salary and benefit expenses. The majority of overtime expenses occur in the Department of Corrections for correctional officers, followed by the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, Public Safety, Higher Education and Transportation.

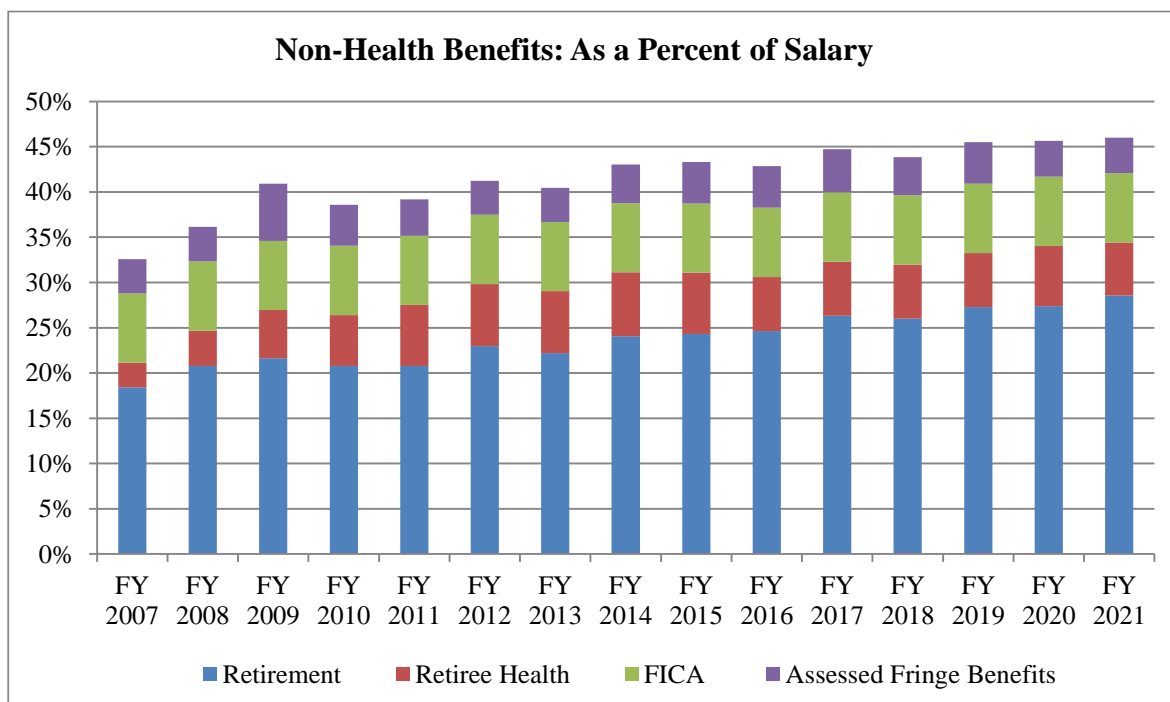
Overtime - FY 2021 Enacted	
Corrections	30.2%
BHDDH	17%
Public Safety	12.0%
Higher Education	8.2%
Transportation	9.8%
Children, Youth and Families	7.9%
Human Services	6.9%
All Others	8.0%
Total	100%

The 2019 Assembly concurred with the Governor's recommendation to include statewide overtime savings of \$1.0 million from general revenues; the savings were included in the Department of Administration's budget for later distribution. The Department of Administration announced a new overtime policy in June 2019. It required each agency to develop and submit to the Division of Human Resources and the Office of Management and Budget detailed overtime authorization and approval procedures, which must be submitted by October 15, 2019. Beginning in FY 2020, agencies are also required to submit to the Office of Management and Budget quarterly reports of overtime expenses along with their quarterly financial reports.

The Governor's revised budget assumes achieving \$582,912 of the \$1.0 million general revenue overtime savings included in the enacted budget for FY 2020 only. The FY 2021 recommended budget assumes additional savings of \$1.9 million from three new initiatives relating to overtime in the Department of

Corrections and the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. These proposals are later discussed in this publication.

Benefits. Benefits include direct benefits to employees such as health, workers' compensation and unemployment as well as unfunded liabilities for retirement and retiree health benefits. The following chart shows non-health benefits as a percent of salary from FY 2007 through FY 2021. In that 15-year period, the calculation increased from under 30 percent to over 45 percent. It is important to note that while FICA is part of the cost of a position, it is a federal requirement over which the state has no control. Each benefit is described in the paragraphs that follow. With the exception of health benefits, these are calculated as a percentage of salary and are approximately one-half of the total cost of a position.



Retirement. Participation in Rhode Island's hybrid defined benefit/defined contribution plan is mandatory for most state employees, except for certain higher education employees who participate in a defined contribution plan. The 2011 Assembly adopted changes including participation in a new defined contribution plan for all employees, except judges, state police and correctional officers. The 2015 Assembly enacted changes consistent with the pension settlement agreement reached in the spring of 2015; these changes are described later in the report.

Employees must work until a combination of their years of service and age equal 95. Employees who were not eligible to retire when the 2011 changes became effective have an individualized retirement age based on their years of service, but they must be at least 59 years old to retire.

The salary basis is the five highest consecutive years. Cost-of-living adjustments are only granted when the pension systems' aggregate funded ratio exceeds 80.0 percent; the formula uses both investment returns and inflation, but no more than 3.5 percent or less than zero. It is only applied to the member's first \$25,000 of pension income, indexed to grow at the same rate as the cost-of-living adjustment. Prior to full funding, intermittent cost-of-living adjustments are granted every four years and there are different provisions for pre-settlement retirees. There have been many changes to the retirement system over the past several years. These changes are discussed later in the report.

The retirement rates are determined actuarially and under Rhode Island General Laws; they are certified annually by the State of Rhode Island Retirement Board. The Board's current policy is that the contribution rates determined by an actuarial valuation take effect two years after the valuation date. The Retirement System conducts an experience study every three years to evaluate the appropriateness of assumptions. The actuaries use the system's own experience where relevant and credible data is available. It uses population or general economic data such as inflation for other assumptions. The assumption changes are incorporated in future annual valuations that determine the rate required to support the defined benefit portion of the pension system. The System's actuaries conducted an experience study during the spring of 2017. As a result of that as well as an asset liability review conducted by the State Investment Commission, the Board approved new assumptions, including decreasing the investment return assumption from 7.5 percent to 7.0 percent as well as some other assumptions around inflation, wage growth and mortality. These changes have been included in the actuarial valuation that is effective for FY 2021.

The rate for FY 2019 was revised upward by 2.1 percent or 0.53 percentage points based upon the retirement incentive program the administration undertook in the fall of 2017, and described later in this report. The rates for FY 2021 as well as the previous seven years are shown in the table below.

Employer Contribution Rates - Regular Employees

FY	2014	2015	2016	2017	2018	2019	2020	2021
Rates	23.05%	23.33%	23.64%	25.34%	24.87%	26.28%	26.39%	27.54%

Retiree Health. The state provides health coverage to individuals who are retired from state employment, who have at least 20 years of state service and are at least age 59. Eligible retirees pay a 20.0 percent cost share on the actual cost of the plan. These benefits are less generous than previously provided and are discussed later in the report. The Board of Education has a separate plan for certain higher education employees.

FICA. The Federal Insurance Contributions Act tax is a United States payroll tax imposed by the federal government on both employees and employers to fund Social Security and Medicare. This applies to all employee groups except State Police. This rate is calculated on salaries and overtime; however, the Social Security portion has a salary limit. In calendar year 2020, the salary limit is \$137,700. There is no salary limit for the Medicare portion. The total rate is 7.65 percent, including 6.2 percent for the Social Security portion and 1.45 percent for the Medicare portion.

Assessed Fringe. The assessed fringe benefit internal service fund was established in August 1999 to comply with federal regulations and to eliminate the fluctuations in agency budgets that result from workers' compensation claims, unemployment claims, and unused leave. A biweekly assessment is applied to the amount of salaries and wages paid from all accounts and funds. This fund allows the costs to be spread out over all fund sources, as opposed to only general revenues.

The fund ended FY 2015 with a deficit of \$1.9 million and surpluses of \$1.2 million in FY 2016 and \$6.2 million in FY 2017, largely due to a repayment for overpayments made for workers' compensation by the state. The FY 2018 enacted budget was based on an assessment of 4.2 percent for most employees. Based on projections related to the voluntary retirement incentive, which is described in greater detail later in this report, the Governor's FY 2019 recommended budget increased the assessment to 4.6 percent. This was subsequently revised downward to 4.4 percent based on more updated data.

Assessed Fringe Benefit Rate History

FY	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
% of Salary	3.90	4.00	3.75	3.75	4.25	4.30	4.60	4.75	4.20	4.40	3.95	3.95

The rate of 4.20 percent previously planned for FY 2020 was subsequently reduced to 3.95 percent. This also reflects savings from the plan to outsource the administration of the Workers' Compensation program. The FY 2020 revised as well as the FY 2021 recommended budgets assume the enacted rate of 3.95 percent.

The current rate for certain public safety personnel is 1.90 percent because these employees receive injured on duty benefits as opposed to workers' compensation. The rate for higher education faculty is 3.30 percent because they do not receive severance payments.

Health Benefits. All full-time state employees and certain part-time employees are eligible for health benefits, including medical, dental and vision through Blue Cross Blue Shield, effective January 1, 2020, and Delta Dental. Employees began contributing to the cost of this health care in 2005. At that time, some employees paid a percentage of salary, depending on salary range, and some employees paid 5.0 percent of the cost of the health plans. Currently, an employee's contribution is a percent of plan cost depending on his or her salary and the type of plan chosen.

Gross Cost	Individual Plans	Family Plans
<i>Medical</i>		
Anchor Choice	\$ 7,133.00	\$19,998.00
Anchor	\$ 7,185.00	\$20,143.00
Anchor Plus	\$ 7,688.00	\$21,552.00
<i>Dental</i>		
Anchor Dental	\$ 410.00	\$ 1,061.00
Anchor Plus	\$ 459.00	\$ 1,190.00
Anchor Platinum	\$ 530.00	\$ 1,373.00
<i>Vision</i>		
Anchor Vision	\$ 60.00	\$ 167.00
Anchor Vision Plus	\$ 86.00	\$ 238.00

Pursuant to recently negotiated contract agreements, effective January 1, 2019, the state started offering three medical plans, called Anchor Choice, Anchor and Anchor Plus, three dental plans and two vision plans. Previously, only one plan was offered. Among the other provisions of the contract were increased co-pays for office visits and prescription drugs, and increased deductibles. The deductibles are based on plan selections and are now \$500 to \$1,500 for an individual, and \$1,000 to \$3,000 for a family. They were previously \$250 and \$500 for individuals and families, respectively.

The following table shows the cost of health benefits and the state employee co-shares for 2020 for both individual and family plans.

2020 Calendar Plan Year Per Employee	Below \$53,498		\$53,498 - \$102,840		Over \$102,840	
	Individual	Family	Individual	Family	Individual	Family
Total Cost of Benefits ¹	\$ 8,233	\$ 22,980	\$ 8,233	\$ 22,980	\$ 8,233	\$ 22,980
% of Premium: State	80.0%	85.0%	80.0%	80.0%	75.0%	75.0%
Annual Cost to State	\$ 6,586	\$ 19,533	\$ 6,586	\$ 18,384	\$ 6,175	\$ 17,235
% of Premium: Employee	20.0%	15.0%	20.0%	20.0%	25.0%	25.0%
Annual Cost to Employee	\$ 1,647	\$ 3,447	\$ 1,647	\$ 4,596	\$ 2,058	\$ 5,745

¹ Based on Anchor Plus Plans

For budget planning purposes, a weighted average is used to calculate the cost of medical benefits for vacant positions. The following table shows the weighted average cost per benefit type.

Weighted Average	FY 2020 Enacted	FY 2020 Gov. Rev.	FY 2020 Final	FY 2021 Gov. Rec.	FY 2021 Enacted
Medical	\$ 17,822	\$ 16,821	\$ 16,821	\$ 17,259	\$ 17,259
Dental	815	813	813	852	852
Vision	130	127	127	133	133
Total	\$ 18,767	\$ 17,761	\$ 17,761	\$ 18,244	\$ 18,244

In July 2019, agencies were instructed to use a revised planning value of \$18,144 for FY 2020 and \$19,007 for FY 2021. The FY 2021 planning values are \$863 or 4.8 percent more than the revised planning amount. The final actual rates were lower than estimated in the planning values. In the revised recommended budget, they are \$383 or 2.1 percent less than previously planned and \$763 or 4.0 percent less for FY 2021. The Governor's revised budget includes medical benefit savings of \$2.7 million from all sources, including \$1.7 million from general revenues from updating the medical rates. The FY 2021 recommendation includes \$5.8 million in savings from lower than expected rates, of which \$3.5 million is from general revenues.

In June 1997, before employees were contributing to the cost of health benefits, the state began offering employees the option of choosing a medical benefit waiver as opposed to enrolling in a state health plan. The waiver had been \$2,002 through FY 2011; it was then reduced by half to \$1,001. It should be noted that more recent contracts eliminated the waiver option for two state employee spouses who were hired on or after June 29, 2014.

Total Costs. The total cost examples for two employees who have salaries of \$50,000 and \$100,000, respectively, and a family health plan in FY 2021 is displayed in the following table.

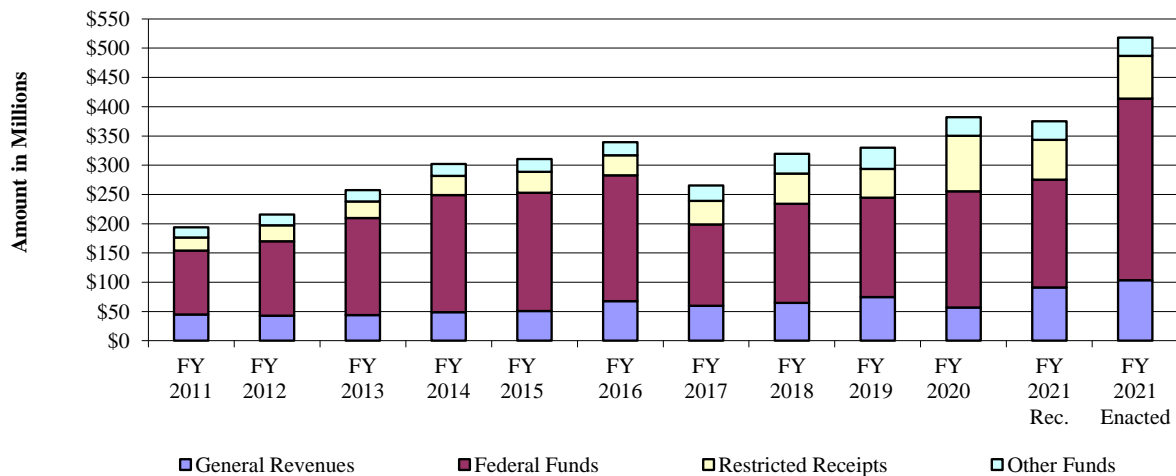
Cost of a Position - FY 2021 Enacted					
	Expense	% of Salary	Expense	% of Salary	
Salary	\$ 50,000		\$ 100,000		
FICA	\$ 3,825	7.65%	\$ 7,650	7.65%	
Assessed Fringe	1,975	3.95%	3,950	3.95%	
Retiree Health	2,935	5.87%	5,870	5.87%	
Retirement	14,270	28.54%	28,540	28.54%	
Subtotal	\$ 23,005	46.01%	\$ 46,010	46.01%	
Health Benefits*	\$ 22,980	Family Plan	\$ 22,980	Family Plan	
Total Co-Share*	(4,596)	20.00%	(5,745)	25.00%	
Subtotal Benefits	\$ 41,389	82.78%	\$ 63,245	63.2%	
Total Cost	\$ 91,389		\$ 163,245		

**Based on Anchor Plus Plans*

Contracted Services. Contracted services make up the remaining 21.7 percent of personnel costs. The enacted budget includes \$518.1 million for expenditures the state classifies as contracted services, often referred to as consultants. These expenditures reflect the compensation paid for the services of non-employee individuals or firms and include payments to professional practitioners and other independent contractors who sell their services. These exclude expenses through internal service funds of \$10.9 million and \$15.6 million in FY 2020 and FY 2021, respectively.

By fund source, 60.0 percent of the expenses are supported by federal grants and 19.9 percent are funded from general revenues. The Executive Office of Health and Human Services, the Department of Elementary and Secondary Education, Department of Health and the Department of Transportation account for more than a half of these expenses from all sources.

Contracted Services, FY 2011 to FY 2021



The chart above shows the costs of contracted services from FY 2011 through the FY 2021. The significant increases in FY 2012 and FY 2013 are mostly a result of Race to the Top funds in the Department of Elementary and Secondary Education's budget. The Department was awarded \$75.0 million to spend over four years. The FY 2013 and FY 2014 budgets also include over \$50 million from federal funds for the implementation of the Affordable Care Act.

The FY 2017 final budget included \$324.9 million for contracted services and actual expenditures were \$265.2 million, \$59.7 million less than appropriated. This reflects the agreement the state had with the main system's contractor, Deloitte, to delay infrastructure costs for the Unified Health Infrastructure Project until system issues were addressed. The FY 2018 final budget included \$316.7 million for contracted services and actual expenditures were \$319.4 million, \$2.6 million above the final appropriation.

The Governor's revised budget of \$366.4 million for FY 2019 was \$86.2 million more than enacted. This included approximately \$57 million for expenses related to the Unified Health Infrastructure Project. The FY 2020 recommendation was \$6.1 million less than the revised budget. The 2019 Assembly provided \$365.2 million in the FY 2019 final budget, including \$73.0 million from general revenues. Reported expenditures were \$35.1 million below the final budget from all sources; however, general revenue expenditures were \$1.8 million above the final appropriation, primarily for Unified Health Infrastructure Project related expenses.

The Governor's recommended budgets included \$14.0 million for FY 2019 and \$20.4 million for FY 2020 from Deloitte Settlement funds in the Executive Office of Health and Human Services, Department of Human Services and HealthSource RI's budgets to offset general revenue costs for the project. A settlement was reached in April 2019 that included a \$50 million payment. As of early June 2019, federal approval of the new contract and the state's proposal to maintain use of all settlement funds was still pending. The Assembly shifted the use of any settlement funds from FY 2019 to FY 2020 and reduced general revenues in FY 2020; it provided \$347.9 million for FY 2020.

The Governor included FY 2020 revised expenditures of \$386.2 million, which is \$38.3 million more than enacted; the recommendation for FY 2021 of \$375.1 million is \$27.2 million more than enacted and is \$11.1 million less than the revised recommendation. General revenue expenditures are \$6.3 million and \$32.9 million more in FY 2020 and FY 2021, respectively, than enacted to primarily offset the loss of one-time restricted receipts from the Deloitte settlement. The recommendation includes additional expenditures for the Medicaid claims processing system and restoring general revenue expenditures for the taxation

administration system, for which the enacted budget had assumed \$2.9 million from the Information Technology Investment Fund.

The Assembly provided \$381.9 million for FY 2020 or \$4.7 million less than recommended, including \$5.0 from all sources, of which \$2.5 million is from general revenues for payments to community-based providers participating in the Person Centered Supported Employment Performance Program. The Assembly provided \$518.1 million for FY 2021, which is \$143.0 million more than recommended, of which \$126.3 million is from federal Coronavirus Relief funds and \$15.5 million from general revenues for expenses expected to occur after December 30 when the Coronavirus Relief funds expire. This includes \$47.7 million in the Department of Elementary and Secondary Education, of which \$39.4 million is for K-12 school reopening initiatives and \$7.2 million will be used to support summer learning and in-person services for children. It also includes \$86.7 million in the Department of Health for contact tracing, consultant support and data analytics.

For the past decade, the Assembly has required state agencies to be held more accountable for contracted services they purchase. These requirements have not been well executed. The Assembly concurred with most of Governor Chafee's FY 2015 budget proposal to repeal or consolidate them to improve compliance. The paragraphs that follow identify these reporting requirements as well as any significant revisions and current compliance.

RIGL 42-90-1. This statute, first adopted in Chapter 161 of the Public Laws of 1985, requires all departments, commissions, boards, councils and other agencies to submit to the Secretary of State the name of any person who performs legal, medical, accounting, engineering or any other professional services, and the amount of the compensation received by the consultant during the previous quarter. It further requires the Secretary of State to compile, publish and make a report available to the public.

The 2006 Assembly amended this legislation in 2006-H 6779, Substitute A, to establish a \$100,000 threshold for which services obtained are substantially similar to work performed by regular employees of the department, commission, board, council or agency. The legislation further required state agencies to list all privatization contracts as part of the budget requests, which must contain the name of the contractor, duration of the contract and costs of previous, current and upcoming years. Agencies must also include a summary of contracted private employees for each contract, reflected as full-time equivalent positions and their hourly wage rate. It appeared that only a few agencies were complying with this requirement.

The 2007 Assembly adopted legislation in Public Law 2007, Chapter 73 requiring an extensive cost comparison analysis as well as an appeals process prior to privatization of any state facility, function or property. It required that bids for such services substantially beat the current in-house costs and meet or exceed current service quality and performance. The comparisons must consider monitoring and conversion costs. The 2008 Assembly further amended the legislation by modifying the requirements.

Governor Chafee included legislation in Article 17 of his recommended FY 2015 budget that increased the threshold from \$100,000 to \$150,000 and required that the reporting be annually submitted to the Budget Office electronically. The legislation requires that the Budget Office electronically post all contracts and reports online using the state's transparency portal or an equivalent website no later than December 1 of each year. The Assembly concurred and included the legislation in Section 4 of Article 9 of 2014-H 7133, Substitute A, as amended. Despite the change, the current administration was not in compliance with this requirement. At the Personnel Issues Hearing on April 4, 2018, the Director of Administration pledged to be in compliance with this reporting requirement. Since then, reports for FY 2015 through FY 2020 have been posted on the state's transparency portal.

RIGL 37-2.3-1. The 2006 Assembly adopted legislation requiring agencies to list all privatization contracts as part of the budget request when obtaining services that are substantially similar to work performed by

regular employees of the department, commission, board, council or agency starting in FY 2009. The list must contain the name of the contractor, duration of the contract and costs of previous, current and upcoming years. Agencies must also include a summary of contracted private employees for each contract, reflected as full-time equivalent positions and their hourly wage rate.

Governor Chafee submitted legislation to alter the requirements so that agencies provide actual information for the prior fiscal year and projected costs for the current and subsequent fiscal years. The listings will be published annually online using the state's transparency portal or an equivalent website no later than December 1 of each year. Subsequently, he requested an amendment to restore language that had previously removed subcontractor from the definition of privatization contractor and clarify what agencies must include in reports for prior, current and upcoming fiscal years and which positions must be reflected as full-time equivalent positions. The Assembly concurred.

This reporting requirement has not been met since it was adopted by the 2014 Assembly. The staff from the Budget Office indicated that it has been in discussions with Council 94 to format the template for reporting.

RIGL 42-149-1. This statute, adopted in Public Law 2007, Chapter 525, requires all state departments to submit quarterly reports of all non-state employee expenditures for legal services, financial services, temporary work and other non-state employee personnel costs. The report must contain efforts made to identify qualified individuals or services within state government, factors used in choosing a non-state employee or firm, results of requests for proposals for services or bids for services, and the actual cost and the budgeted cost for the expenditure.

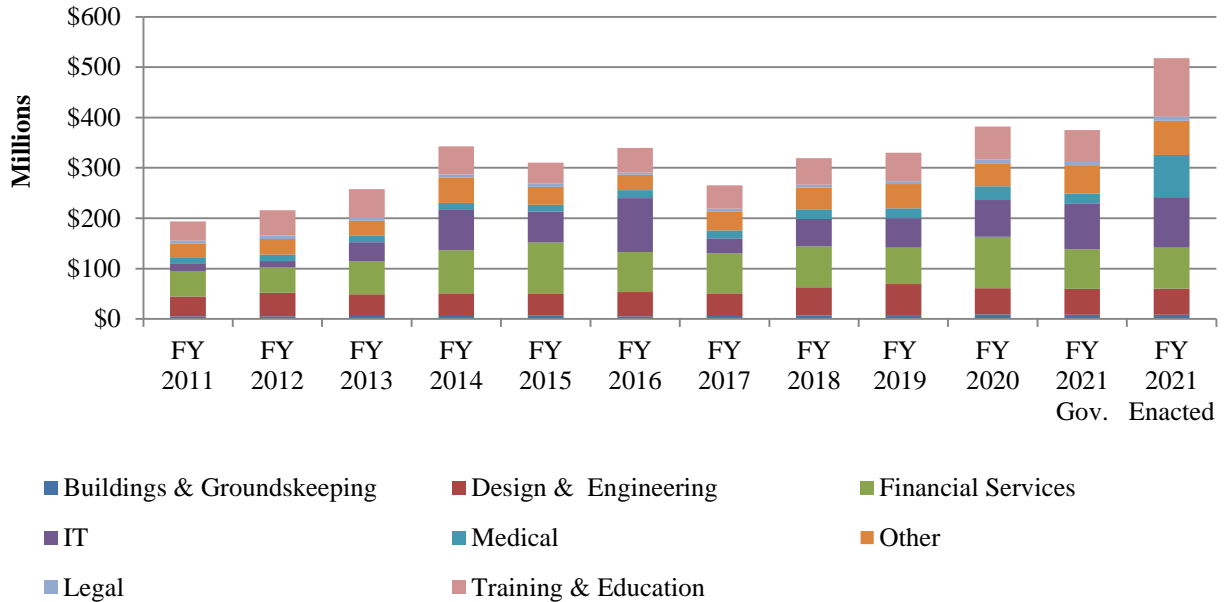
Governor Chafee included legislation in Article 17 of 2014-H 7133 to repeal this, in conjunction with modifying a similar requirement. The Assembly concurred.

RIGL 42-149-3.1. This legislation, adopted in Public Law 2011, Chapter 409, requires an assessment of 5.5 percent on contractual costs to be paid to the retirement system on a quarterly basis when a department, commission, board, council, agency or a public corporation agrees to obtain contractual services that are substantially similar to and in lieu of services provided by regular employees. During the FY 2013 budget process, the administration indicated that it developed a mechanism within the state's accounting system to calculate this charge and \$0.4 million was collected each year from FY 2013 through FY 2018 and \$0.5 million was collected in FY 2019.

Governor Chafee included legislation in Article 17 of 2014-H 7133 to repeal the 5.5 percent assessment. The Assembly did not concur.

P.L. 2007, Chapter 073. The 2007 Assembly adopted legislation to correct a situation concerning contract employees that were doing the same work as state employees, under state employee supervisors. Departments and agencies would be allowed to convert those positions to state employee positions within available funding. The law also required that an agency or department may not employ contracted employees or employee services where the contracted employees would work under state employee supervisors after October 1, 2007, without determination of need by the Director of Administration acting upon the positive recommendations of the Budget Officer and the Personnel Administrator and 15 days after a public hearing. This language was included in budgets until FY 2016. It was restored in the FY 2020 enacted budget and the Governor's recommended budgets retain this provision. The Assembly concurred.

Contracted Services



The table above shows the types of services provided by outside contractors from FY 2011 to FY 2021. The majority of the expenditures are for information technology and financial services. The smallest areas of spending are legal services and buildings and groundskeeping services.

FY 2021 Proposed Personnel Initiatives

The Assembly concurred with the Governor's proposed savings of \$1.9 million from three new initiatives relating to overtime in the Departments of Corrections and Behavioral Healthcare, Developmental Disabilities and Hospitals. Overtime expenditures in both of these agencies total \$37.3 million, which accounts for approximately half of the enacted overtime expenditures statewide.

Overtime Savings Initiatives	General Revenues
DOC: Sick Leave Policy Enforcement	\$ (982,907)
DOC: Non-Correctional Officers	(612,376)
BHDDH: Eleanor Slater Hospital	(313,770)
Total	\$(1,909,053)

- **Sick Leave Policy Enforcement.** The Governor's budget assumes \$1.0 million from correctional officer overtime savings from stricter enforcement of sick leave use policies. The Department of Corrections implemented new absenteeism policies beginning September 1, 2019, to ensure overtime is used properly. The most recent collective bargaining agreement between the Department and the Rhode Island Brotherhood of Correctional Officers mandates that sick leave with pay is allowed for personal illness or injury and may include 10 days of absence each year from illness in the immediate family of the employee. The Assembly concurred.

- **Non-Correctional Officer Overtime.** The Governor's budget assumes overtime savings of \$0.6 million from a reduction in overtime for non-correctional officer staff within the Department of Corrections. The decision on whether or not a staff member should work overtime is made by the administrator in each instance, as required in the Department of Administration's new overtime policy. The Assembly concurred.

- ***Eleanor Slater Hospital.*** The Governor’s budget includes general revenue savings of \$313,770 from enforcing sick leave use policies aimed at reducing fraudulent discharge and abuse of sick time at the state-run hospital. The Assembly concurred.
- ***Workshare.*** The Department of Administration instituted a program to allow non-essential state employees to participate in a program, whereby they work 60 percent of their regular weekly hours from June 14, 2020 through September 5, 2020 and claim federal WorkShare benefits for the remaining time. Benefits for such programs are fully paid with federal funds. Because of the extra \$600 weekly payment that accompanies all unemployment claims through the end of July, participants earning less than \$69,500 are not adversely impacted and may see increased compensation. Statewide, this program produced savings of \$7.7 million in FY 2020 and \$10.0 million is assumed in FY 2021, including \$6.2 million from general revenues. Statewide, more than 1,300 employees opted to participate in the program.
- ***COVID Related Personnel Expenses.*** The federal CARES Act adopted in response to the crisis provided \$1,250.0 million to Rhode Island for related expenditures incurred between March 1, 2020 and December 30, 2020, including responding directly to the emergency. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency are allowable expenses as are those to facilitate compliance with COVID-19 related public health measures. Revised federal guidance issued in September further clarified and broadened eligible costs. The enacted budget contains adjustments in 13 department and agencies to use these coronavirus relief funds, offsetting a like amount of general revenues. For FY 2021, total savings are \$148.7 million. The FY 2020 final enacted budget assumed savings of \$34.7 million from general revenues; \$36.6 million in savings was reported in the FY 2020 preliminary closing. Based on allowable expenses, an additional \$83.7 million in personnel costs were charged retroactively to FY 2020, \$80.6 million previously paid from general revenues. This increases the total FY 2020 charges to \$120.3 million.

Agency	FY 2021 Enacted
Administration	\$ 1,074,377
Business Regulation	2,109,809
Executive Office of Commerce	362,290
EOHHS	111,743
Children, Youth and Families	2,448,016
Health	7,862,105
Human Services	11,798,794
BHDDH	4,900,823
Higher Education	97,651
Corrections	78,581,441
Public Safety	37,230,247
Emergency Management	487,702
Environmental Management	1,598,908
Total	\$ 148,663,906

Recent Compensation and Benefit Revisions

Recent budgets have included initiatives affecting personnel costs including savings from reducing retirement benefits, compensation and implementing pay reductions for state employees. These are described in the paragraphs that follow, along with the Assembly’s action on those items.

- **Retirement Benefits.** The 2009 Assembly adopted pension changes that apply to all state employees, including judges and teachers eligible to retire on or after October 1, 2009 and were not eligible before passage of the legislation. The 2009 changes include establishing a minimum retirement age of 62 with a proportional application of that minimum age to current members based on their current service as of October 1, 2009. Changes also include freezing service credits for those in Plan A, and shifting all future accrual to the lower accruals of Plan B. The cost-of-living adjustments were based on the Plan B model of the lesser of inflation or 3.0 percent on the third anniversary, and the salary basis for benefits is the five consecutive highest years, increased from three.

The 2010 Assembly enacted legislation to further limit the cost-of-living adjustments to the first \$35,000 of retirement allowance beginning on the third anniversary of the date of retirement or when the member reaches age 65, whichever is later, for state employees, teachers, and judges. Governor Carcieri had proposed to amend the retirement statutes to eliminate the cost-of-living adjustments for state employees, teachers, judges, and state police who were not eligible to retire before passage of the proposal. He also proposed adding language to subject any future cost-of-living adjustments to annual legislative action.

As part of a special session, the 2011 Assembly enacted legislation that suspended new cost-of-living adjustments to retirees' benefits until the system is better funded but provided for an intermittent cost-of-living adjustment every five years until the system in the aggregate is 80.0 percent funded. It moved all but public safety employees into a hybrid pension plan that includes a defined contribution plan. It increased the minimum retirement age for most employees not already eligible to retire and changed the benefit accruals to 1.0 percent per year of service beginning July 1, 2012. It reduced the vesting requirement from ten years to five years and preserved accrued benefits earned through June 30, 2012. It increased the minimum retirement age for teachers and state employees to Social Security Normal Retirement Age, not to exceed 67, applied proportionally to employees based on current years of service, but no less than 59.

Public labor unions challenged the constitutionality of the law subsequent to its enactment. To avoid what could have been a lengthy and costly trial, state and labor unions were ordered into federal mediation. In February 2014, a proposed settlement was announced, which maintained most of the pension changes; however, the retirement age was reduced from 67 to 65 and allowed employees who have worked at least 20 years to keep their defined-benefit pensions. Retirees would receive a one-time 2.0 percent cost-of-living increase upon the enactment of the agreement and intermittent cost-of-living increases would be given every four years instead of every five years. Additionally, the settlement needed the approval of retirees, state employees, as well as the General Assembly. If more than half of any one group were to vote against the settlement, the litigation would continue. Though most employees and retirees voted in support of the settlement, a majority of police officers voted against it; thereby rejecting the settlement in whole. The trial was originally scheduled for September 2014, and later rescheduled for April 2015.

In March 2015, a proposed settlement was announced. The Assembly enacted Article 21 of 2015-H 5900, Substitute A, as amended, to codify the pension settlement agreement signed by all the parties (except all municipal police and Cranston fire) in April 2015 and determined by the Court to be fair, adequate and reasonable in May 2015. The legislation does not exclude any parties. It preserves over 90 percent of the 2011 pension reform savings. The changes include providing a cost-of-living increase every four years instead of every five as well as two, one-time \$500 payments to all current retirees. It changes the formula for calculating the cost-of-living increase to use both investment returns and the consumer price index with a maximum of 3.5 percent; currently it is only based on investment returns with a 4.0 percent maximum. It also increases the base used for cost-of-living calculations from \$25,000 to \$30,000 for current retirees.

It returned state employees, teachers and Municipal Employees Retirement System (MERS) general employees with at least 20 years of service as of June 30, 2012 to a defined benefit plan with a 2.0 percent annual accrual and higher employee contribution rate. It increased the state's contribution to the defined

contribution plan for those with between 10 and 20 years of service as of June 30, 2012. It increased in accrual rates for correctional officers and municipal public safety employees.

The legislation also included adjustments to the retirement age for all groups and allows local municipalities to re-amortize the unfunded liability four additional years to 25 years for MERS plans and the local employer portion of teacher contributions.

- **Retiree Health Benefits.** The 2008 Assembly enacted legislation to change its provision of retiree health benefits from a pay-as-you-go system along with significant benefit reductions to future retirees effective October 1, 2008. Based on a recommendation in the Governor's FY 2009 revised budget, the 2009 Assembly enacted legislation to delay the move to a trust fund for two years. The trust fund was set up in FY 2011 and the state is now funding on an actuarial basis.

The 2012 Assembly adopted legislation establishing a Medicare exchange for eligible retirees that offers a wider array of health benefit choices at a lower cost through competition. The state sets up a Health Reimbursement Arrangement for each retiree and deposits the state subsidy into the account each month. It is the same percent subsidy that the retiree previously received. The maximum state contribution is set equal to the lowest cost plan, adjusted for age that is comparable to the highest former plan. A retiree can choose a lower cost plan and use the balance of funds for any approved expense including: purchasing a plan for a spouse, dental or vision plan, and payment of Medicare Part B premiums and Part D coverage.

As part of her FY 2016 recommended budget, Governor Raimondo proposed changing the requirements for what benefits must be included in early retiree health benefit plans. The Assembly did not concur.

It should be noted that the federal "Cadillac" tax was scheduled to take effect in 2018 for plans deemed high cost. The tax would be 40.0 percent of the cost above federally established thresholds. While final regulations had not been issued, it was widely assumed that the threshold will be \$10,200 for an individual plan and \$27,500 for a family plan. The current pre-65 rate plan costs \$11,300 for an individual plan and \$31,500 for a family plan. In January 2018, Congress again delayed the start of the tax to 2022. In December 2019, Congress repealed the tax.

- **Pay Reductions.** The Budget enacted by the 2010 Assembly included two initiatives negotiated with employee unions to generate personnel savings. The first was to implement eight pay reduction days in FY 2010 and four pay reduction days in FY 2011. The Department of Administration entered into negotiations with collective bargaining units in the summer of 2009 to reach an agreement to achieve savings while avoiding layoffs. For each pay reduction day, an employee will accrue one and one quarter additional days of paid leave, for a maximum of ten days in FY 2010 and five days in FY 2011. The employee may request to discharge this leave day during any pay period following the period in which it was earned, or the employee may elect to receive a cash payment upon termination of state employment.

The second savings initiative was to delay the 3.0 percent cost-of-living adjustment from July 1, 2010 to January 2, 2011. Together these initiatives were intended to save approximately \$29.5 million from all sources, including \$17.5 million from general revenues in FY 2011. In FY 2010, the initiatives accounted for savings of \$26.8 million from all sources, including \$15.0 million from general revenues. These savings ended in FY 2012, and the contract called for a 3.0 percent increase effective July 1, 2011.

The agreement with the collective bargaining units also gave agency directors the right to transfer employees between programs in order to transfer, reorganize, eliminate, or consolidate functions, programs, units, divisions, and departments within the Executive Branch, as long as the collective bargaining units are notified within 15 days and the transfers are based on seniority. This authority ended on June 30, 2011.

- **Longevity.** The 2011 Assembly included legislation that ended new longevity payments for all state

employees effective July 1, 2011, or upon the expiration of any current collectively bargained contract. Employees continue to receive the same longevity percentage they have already earned; however, no new longevity will be granted. Provisions for these payments are generally a matter of collective bargaining agreements for union employees or personnel policy for non-union staff. Non-classified employees of the former Board of Governors, Board of Regents and Public Telecommunications Authority received longevity payments of five percent after 10 years and ten percent after 20 years, pursuant to three different sections of the General Laws. Out-year estimates had projected \$4.0 million in annual costs from this provision.

Governor Raimondo proposed legislation in her FY 2016 budget to freeze longevity payments currently expressed as a percent of salaries, at the amount earned by an employee as of June 2015, or the last pay period prior to the expiration of applicable collective bargaining agreements, whichever occurs later. It also excluded longevity from an employee's base rate salary, which means longevity will not grow with other raises. She subsequently requested an amendment to rescind this proposal. The Assembly retained current law.

- ***Voluntary Retirement Incentive.*** The administration implemented a voluntary retirement incentive under its own authority as part of an effort to achieve the \$25.0 million of undistributed savings in the FY 2018 enacted budget. State employees eligible to retire on or before December 31, 2017 are eligible for the incentive, which is two times the employee's longevity capped at \$40,000. The administration indicated that there were 941 eligible state employees and it assumed savings of \$6.5 million based on the assumption that 45 percent of eligible employees would retire by January 31 for five months of savings. Payouts would be made from the assessed fringe benefit fund, which is generated from all fund sources. The savings also assumed that only 60 percent of those vacated positions are filled for one month in FY 2018 and at 70 percent of the incumbent's cost in the first year.

The incentive program was implemented in stages based on the amount of longevity to allow the Retirement System time to process the applications. The most senior employees had until February 15 and the least senior had until April 15. The Governor's revised budget included savings of \$4.6 million from vacancies, but no comprehensive information was provided on how much savings was assumed to offset added costs. Much of the vacancy savings assumed in FY 2018 did not appear to repeat in FY 2019. Based on updated program participation data, the Assembly assumed additional savings in both FY 2018 and FY 2019. It appears that 364 employees received the payment. The total impact was unclear as a high level of the vacated positions appear to have been refilled.

Distribution of Positions

The number of full-time equivalent positions authorized for each agency and department is contained in Article 1 of the annual appropriations act. The departments and agencies may not exceed the number of full-time equivalent positions authorized in any pay period. Full-time equivalent positions do not include seasonal or intermittent positions for which scheduled periods of employment do not exceed 26 consecutive weeks or for which scheduled hours do not exceed 925, excluding overtime, in a one-year period. Nor do they include individuals engaged in training, the completion of which is a prerequisite of employment.

For many years, the budget has also limited state employees whose funding is from non-state funds that are time limited to receive appointments limited to the availability of the non-state funding source. The FY 2021 recommended budget retained it. The Assembly concurred.

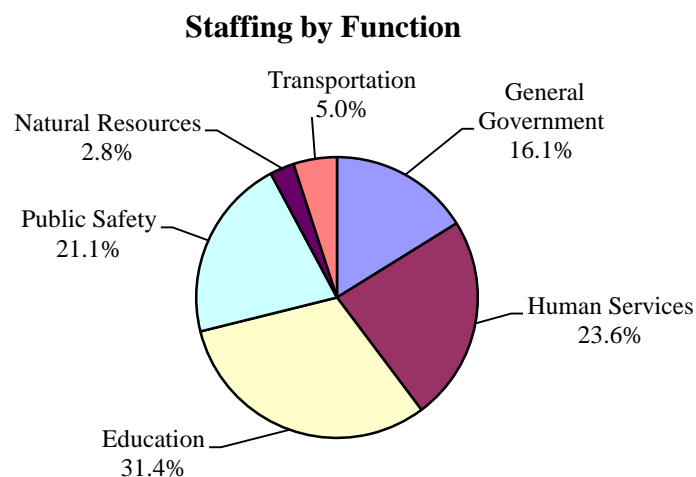
- ***Transfer of State Employees.*** The practice of cost allocation may skew the distribution of positions by function. In this case, cost allocation refers to the practice of charging an agency for a portion of the costs for a position that is working in a different agency. There are also cases in which the entire cost of a position is being charged to one agency while the authorization for that position is in another agency.

The 2017 Assembly adopted legislation in Section 6 of Article 5 of 2017-H 5175, Substitute A, as amended, requiring that the Personnel Administrator or any director of a department to file a written report with the Speaker of the House, the Senate President and the chairpersons of the House and Senate Finance Committees when transferring or extending the duration of a transferred employee. This report must be filed within seven days of making or extending the transfer. Since the adoption of this requirement, five reports identifying a total of five transfers have been received. The 2019 Assembly adopted legislation in Section 11 of Article 4 of 2019-H 5151, Substitute A, as amended, to clarify that reports be made on the transfer of all state employees, including those who are members of labor unions.

The following is a brief summary of the distribution of positions by function. A description of the position changes from the FY 2020 enacted budget follows. Most of the positions in state government are in the education and human services functions, which together account for 55.0 percent of all positions.

Changes to Enacted	Gen. Gov't.	Human Services	Education	Public Safety	Natural Res.	Transp.	Total
<i>FY 2020 Enacted</i>	2,406.9	3,556.6	4,742.2	3,190.0	424.0	755.0	15,074.7
New Positions	35.0	15.0	-	-	-	-	50.0
<i>Total Change to Enacted</i>	35.0	15.0	-	-	-	-	50.0
FY 2021 Enacted	2,441.9	3,571.6	4,742.2	3,190.0	424.0	755.0	15,124.7

The Assembly included 2,441.9 full-time equivalent positions for general government agencies, 16.1 percent of the distributed positions. This is 35.0 positions more than authorized to reflect additional staffing in the Department of Labor and Training to assist with unemployment claims as a result of the pandemic.



The Budget provides 3,571.6 full-time equivalent positions for human services, or 23.6 percent of all distributed positions. This is 15.0 more than enacted for COVID related activities.

The Budget includes 4,742.2 full-time equivalent positions for education, 31.4 percent of all distributed positions.

There are 3,190.0 full-time equivalent positions for public safety agencies, 21.1 percent of all distributed positions.

The Budget includes the enacted level of 424.0 full-time equivalent positions for natural resources agencies.

The Budget includes the enacted level of 755.0 full-time equivalent positions for transportation.

Program Changes to FY 2020 Enacted Staffing Levels

Administration. The Governor recommended FY 2021 staffing of 652.7 full-time equivalent positions, 5.0 more than enacted; however, this appears to include numerous new positions that are offset by unidentified positions to reconcile the allocation to the recommended level. The new positions include a real estate portfolio manager in the Division of Capital Asset Management and Maintenance; 2.0 new positions in the Information Technology Internal Service Fund, including a systems support technician and an administrator management information systems. The recommendation includes two information technology manager positions to oversee the Enterprise Resource Planning System for human resources, information system, payroll, finance and a grants management system.

The 2019 Assembly included legislation in Article 1 requiring that 417.0 of the authorized amount would be for positions that support internal service fund programs; the Governor's recommendations increase this amount to 427.0 positions in both years. The Assembly did not concur and included the enacted level of 647.7 positions, including 417.0 for internal service fund programs.

Business Regulation. The Governor recommended FY 2021 staffing of 171.0 full-time equivalent positions, 10.0 positions more than authorized. This includes the elimination of 6.0 current vacancies, offset by 1.0 new position for Insurance Regulation, 2.0 new positions for the Office of the Health Insurance Commissioner and 13.0 new positions for the Office of Cannabis Regulation. The Governor requested an amendment to restore 3.0 positions to the State Building Office inadvertently excluded from the recommended budget. The Assembly did not concur and provided the enacted level of 161.0 full-time equivalent positions.

Executive Office of Commerce. The Governor recommended 15.0 full-time equivalent positions for FY 2021, including 1.0 new deputy secretary as part of the proposed restructuring of the state's housing policy. The Assembly did not concur with the proposed restructuring and enacted the authorized level of 14.0 full-time equivalent positions.

Labor and Training. The Governor recommended 395.7 full-time equivalent positions for FY 2021, or 5.0 positions more than enacted. This includes 4.0 equivalent positions to enhance the workplace fraud unit and increase associated collections, and 1.0 position to work with the Department of Corrections as part of a new post-release employment initiative. Subsequently, the Governor requested an amendment to add 35.0 positions to assist with unemployment claims as a result of the pandemic. The Assembly concurred with the 35.0 positions for unemployment but not the originally proposed 5.0 positions for total staffing of 425.7 positions.

Revenue. The Governor recommended staffing of 611.5 full-time equivalent positions for FY 2021, 9.0 more than authorized. This includes a legal position in the Director's Office, three new positions in the Division of Taxation, including one supported by individual mandate restricted receipts, and provided additional funding to fill existing positions to enhance outreach and compliance with new revenue proposals. The recommendation also includes five new positions in the Division of Motor Vehicles, three for the transfer of Commercial Driver's License testing from the Community College of Rhode Island, and two positions to enforce inspection violation collections. The Assembly did not concur and provided 602.5 full-time equivalent positions, consistent with the FY 2020 enacted level.

Public Utilities Commission. The Governor recommended 54.0 full-time equivalent positions for FY 2021, 2.0 more than enacted, including 1.0 engineer to assess the infrastructure of utility companies and 1.0 public utilities analyst. The Assembly included the enacted level of staffing of 52.0 positions.

Executive Office of Health and Human Services. The Governor recommended 201.0 full-time equivalent positions for FY 2021, 15.0 more than enacted. This includes 7.0 new legal positions transferred from the

umbrella agencies. It also adds 4.0 administrative positions, 2.0 positions for the Unified Health Infrastructure Project and 2.0 positions for a new proposal to charge non-disabled Medicaid beneficiaries co-pays for certain services. The Assembly included 192.0 positions, 6.0 more than enacted to reflect the transfer of legal positions from the Departments of Children, Youth and Families, Health and Behavioral Healthcare, Developmental Disabilities and Hospitals.

Children, Youth and Families. The Governor recommended 640.5 full-time equivalent positions for the FY 2021 budget, which is 19.0 more than enacted. The new positions include 14.0 foster care licensing personnel, 4.0 child protective investigators, 2.0 paralegals, 2.0 chief human service business officers and 1.0 contract manager, offset by transferring 4.0 legal positions to the Executive Office of Health and Human Services. The Assembly did not concur and provided 617.5 positions, 4.0 less than enacted to reflect the transfer of 4.0 legal positions to the Executive Office of Health and Human Services.

Health. The Governor recommended FY 2021 staffing of 540.6 full-time equivalent positions, 41.0 more than enacted. This includes the transfer of one position to the Executive Office of Health and Human Services and 42.0 new positions for various programs relating to prescription drug overdose monitoring, food protection, lead poisoning prevention, adult use marijuana and others. The Assembly did not authorize these new positions. It provided staffing of 513.6 full-time equivalent positions; it concurred with the transfer and added 15.0 positions for COVID-19 and other elements of the Department's response effort, consistent with a requested amendment.

Human Services. The Governor recommended 1,037.1 full-time equivalent positions for FY 2021, which is 1.0 less than enacted to reflect a transfer of an attorney position to the Executive Office of Health and Human Services. The recommendation includes the enacted authorization of 252.1 full-time equivalent positions for the Office of Veterans Services and 31.0 positions for the Office of Healthy Aging. The Assembly did not concur with the transfer and provided the enacted level of authorization.

Behavioral Healthcare, Developmental Disabilities and Hospitals. The Governor recommended 985.4 full-time equivalent positions for FY 2021, 204.0 less than enacted. The recommendation reflects the elimination of 204.0 positions from the state-run system for adults with developmental disabilities, 2.0 new positions in the Division of Behavioral Healthcare Services for the adult use marijuana initiative, the transfer of 1.0 legal counsel position to the Executive Office of Health and Human Services, a new 0.5 position in the Division of Developmental Disabilities and the elimination of 1.5 unidentified positions in central management. The Assembly included 1,188.4 positions, one less than enacted to reflect the transfer of the legal position.

Elementary and Secondary Education. The Governor recommended FY 2021 staffing of 334.1 full-time equivalent positions, which is 9.0 more than enacted, including 2.0 school construction positions to be funded from Rhode Island Health and Educational Building Corporation resources and 2.0 positions to support the Department's work to identify and implement high-quality curriculum funded from general revenues. She also included 3.0 positions to support school systems, 1.0 position to oversee the PrepareRI program, and 1.0 position to support the state's prekindergarten program funded from general revenues. The Assembly did not concur and included the enacted level of 325.1 full-time equivalent positions.

Public Higher Education. The Governor recommended 4,385.3 full-time equivalent positions for FY 2021, 1.0 more than enacted for the Northern Rhode Island Higher Education Center to oversee its operations. The Governor's recommendation also shifts 265.0 third-party full-time equivalent positions to non-third-party positions for the University of Rhode Island. The separate authorization for third-party positions was first included in the FY 2004 budget as a way to provide more flexibility to the institutions around securing and staffing grants. The Assembly included the enacted level of 4,384.3 full-time equivalent positions and concurred with the shift of third-party positions.

Office of the Attorney General. The Governor recommended 247.1 full-time equivalent positions for FY 2021, 8.0 more than authorized, including five new attorneys and three new paralegals. The Assembly did not concur and included the enacted level of 239.1 positions.

Corrections. The Governor recommended 1,423.0 full-time equivalent positions for FY 2021, which is 12.0 more positions than authorized, including 7.0 positions to administer discharging planning services, 4.0 positions associated with an initiative to reduce off-site medical visits, 2.0 for job training to connect inmates with employers before release, and removes 1.0 unidentified position. The Assembly did not concur and included the enacted level of 1,411.0 positions.

Military Staff. The Governor recommended 96.0 full-time equivalent positions for FY 2021, 4.0 more than authorized for National Guard programs. This includes 3.0 additional firefighter positions to bring the Military Staff into compliance with Department of Defense standards and 1.0 deputy director position. The Assembly did not concur and included the enacted level of 92.0 positions.

Public Safety. The Governor recommended 598.6 positions for FY 2021, which is 5.0 positions more than authorized. This includes the elimination of two vacancies, offset by an additional 7.0 state police troopers that were hired in FY 2020 after graduating from the State Police Training Academy on June 28, 2019. The enacted budget had assumed only 30 new troopers would graduate from the Training Academy. The Assembly did not concur and included the enacted level of staffing of 593.6 positions.

Public Defender. The Governor recommended 99.0 positions for FY 2021, which is 3.0 more than enacted for new attorneys. The Assembly did not concur and included the enacted level of 96.0 positions.

Environmental Management. The Governor recommended 405.0 full-time equivalent positions for FY 2021, or 11.0 positions more than enacted. This includes 5.0 new environmental engineers to conduct permit review and 6.0 new positions in the Division of Parks and Recreation. The Assembly did not concur and included the enacted level of staffing of 394.0 positions.

Transportation. The Governor recommended 800.0 full-time equivalent positions for FY 2021, which is 45.0 positions more than enacted. This includes 23.0 construction related positions, including civil and engineering technicians who would assist with inspection of all materials going to bridge or road construction or maintenance projects; 20.0 maintenance positions, including highway maintenance operators and bridge maintenance workers; a public relations specialist position; and, an administrator for real estate. The Assembly included the enacted level of staffing of 755.0 positions.

Medicaid

Medicaid is a health insurance program jointly funded by the federal government and the states to provide services to low-income children, pregnant women, parents of dependent children, the elderly, and people with disabilities. The federal government's share of expenditures for most Medicaid services is called the federal medical assistance percentage (FMAP). The remainder is referred to as the nonfederal or state share. With passage of the Patient Protection and Affordable Care Act of 2010, states have the option of expanding coverage to include certain low-income adults with the federal government paying all program costs for the first three years and eventually paying 90 percent of the total cost.

Rhode Island provides medical assistance, residential care, community based services and case management activities to individuals who meet the eligibility criteria established for the various assistance programs operated by the Executive Office of Health and Human Services and the four departments under its umbrella: the Departments of Human Services; Behavioral Healthcare, Developmental Disabilities and Hospitals; Children, Youth and Families; and Health. The following table shows Medicaid spending by department, including administrative and direct benefits costs, and by percent of the total Medicaid budget.

FY 2021 Enacted	General Revenues	All Funds	% of Medicaid
EOHHS	\$ 967,441,601	\$ 2,820,482,923	87.0%
BHDDH	127,334,593	327,392,194	10.1%
Children, Youth and Families	25,555,852	60,806,517	1.9%
Human Services	12,106,742	30,103,208	0.9%
Health	1,143,532	3,502,523	0.1%
Total	\$ 1,133,582,320	\$ 3,242,287,365	100%

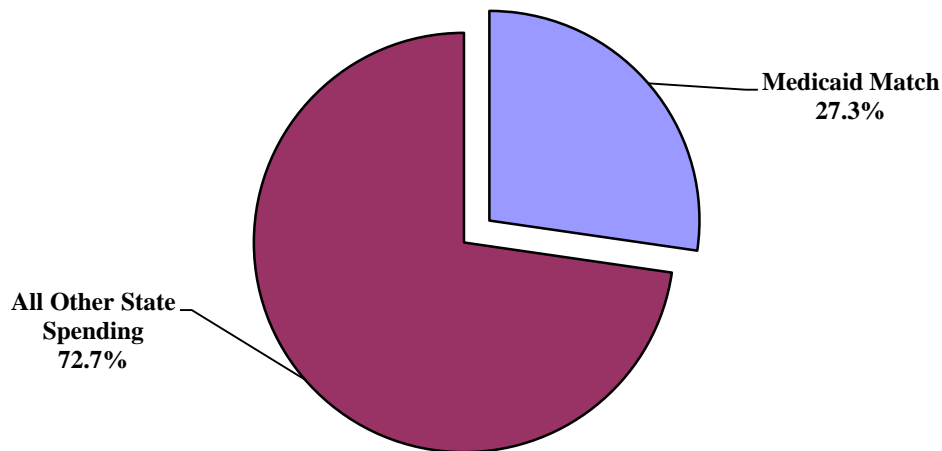
It should be noted that for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, a significant portion of the costs at Eleanor Slater Hospital, which prior to FY 2020 were matched by Medicaid for the entire hospital population, are paid for using general revenues for FY 2020 and FY 2021. The Department acknowledged that it had compliance and billing issues that needed to be addressed in order to claim Medicaid for its eligible hospital population. The Centers for Medicare and Medicaid notified the state that it cannot claim Medicaid for its forensic population. This results in higher state only expenses and lowers expenses paid through Medicaid, impacting the percent of state spending on Medicaid programs.

Medicaid as a Percent of the State Budget. Programs supported by Medicaid are 25.5 percent of total spending in the FY 2021 enacted budget and 27.3 percent of spending from general revenues. This is a decrease of 31.1 percent and 29.3 percent of general revenues compared to the Governor's recommended budget because of expenses at Eleanor Slater Hospital, noted earlier.

The programs and recipients receiving Medicaid funded services are discussed separately in the pages that follow, including the state's mandated coverage for these populations, the number of individuals receiving services and the costs, as well as other optional services that the state provides through the health and human service agencies.

The 2012 Assembly concurred with the Governor's FY 2013 budget recommendation to shift Medicaid benefits to the Executive Office of Health and Human Services from the Department of Human Services. The 2014 Assembly transferred Medicaid funded behavioral health services from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to the Executive Office. The Executive Office's budget also includes medical benefit expenses for children and youth in the care of the Department of Children, Youth and Families.

FY 2021 State Medicaid Match vs All General Revenue Spending



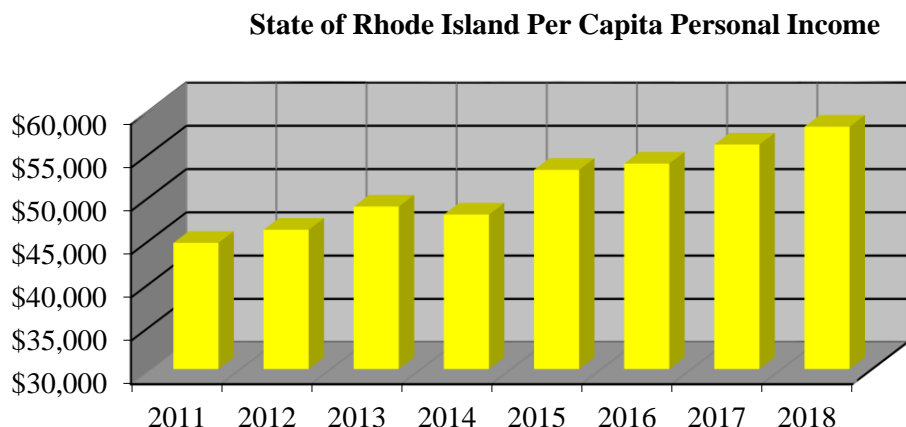
Medicaid Annual Report. The Executive Office of Health and Human Services is required to submit an annual report by March 15 of each year that includes a comprehensive overview of the Medicaid program. Starting with the reports being submitted by March 15, 2020 for FY 2019 expenditures, the 2019 Assembly updated the information provided in the report to include the following: expenditures by mandatory population receiving mandatory services and, reported separately, optional services, as well as optional populations receiving mandatory services and, reported separately, optional services for each state agency receiving Medicaid funds. The report is also required to include expenditures, outcomes and utilization rates by populations served, for example families with children, persons with disabilities, children in foster care, children receiving adoption assistance, adults ages 19 to 64, and elderly and disabled individuals. It also includes expenditures, outcomes and utilization rates by each state department or other municipal or public entity receiving Medicaid reimbursement.

As of January 2021, the Executive Office had not submitted its FY 2019 annual spending report that was due by March 15, 2020. The FY 2020 report is due by March 15, 2021.

Reinventing Medicaid. On February 26, 2015, Governor Raimondo signed an executive order establishing the Working Group to Reinvent Medicaid comprised of Medicaid stakeholders to conduct a comprehensive review of the Medicaid program and make recommendations for short and long-term plans to transform the program. The Governor included \$92.3 million in savings in her recommended budget, including \$46.4 million from general revenues in the health and human service agencies from the initiative. The Assembly enacted the FY 2016 budget with a majority of the proposals. Most of the savings, \$71.0 million, were from a reduction to rates paid to hospitals, nursing facilities and the managed care plans. There were other proposals that were never implemented.

Medicaid Rate. The federal medical assistance percentage (FMAP), also known as the federal Medicaid matching rate, is a calculation with significant impact on state health and human services spending. Each state has a Medicaid rate. The formula that determines an individual state's Medicaid rate is based on that state's three-year average per capita income relative to national per capita income and represents the portion of medical services delivered under the Medicaid program that the federal government will contribute. States with a higher per capita income level are reimbursed a smaller share of their costs.

By law, the Medicaid rate cannot be lower than 50 percent or higher than 83 percent. The federal contribution to any state's administrative costs for Medicaid services is set at 50 percent. The following chart shows the state's per capita income for the previous eight calendar years. The FY 2021 rate is based on 2016 through 2018 data. The per capita income data is released by the federal Bureau of Economic Analysis and is used by the federal government to calculate each state's Medicaid reimbursement rate.



The following table includes the Rhode Island Medicaid rates used from FY 2016 through the projected FY 2021 rate. Since the Medicaid rate is published for the federal fiscal year that starts on October 1, the state uses a blended rate for its fiscal year. For example, Rhode Island's FY 2021 rate is based on one quarter of the federal fiscal year 2020 rate and three quarters of the federal fiscal year 2021 rate resulting in the different rate for budgetary purposes.

Medicaid Rates	FFY	SFY
2021	54.09%	53.81%
2020	52.95%	52.86%
2019	52.57%	52.29%
2018	51.45%	51.34%
2017	51.02%	50.87%
2016	50.42%	50.32%

Families First Coronavirus Response Act - Enhanced Medicaid Rate. On March 18, 2020, President Trump signed into law the Families First Coronavirus Response Act which temporarily increases a state's Medicaid match rate by 6.2 percent for services provided from January 1, 2020 until the end of the public health emergency. Rhode Island's Medicaid match rate was increased to 59.15 percent from 52.95 percent for FY 2020, which resulted in savings of \$71.3 million across the health and human service agencies. The public health emergency was set to expire on January 20, 2021 but has recently been extended another 90 days until April 20, or the fourth quarter of FY 2021. The FY 2021 enacted budget includes general revenue savings of \$108.2 million across the agencies for three quarters of FY 2021. The Biden Administration announced plans to continue renewing it through at least the end of calendar 2021. For state budget purposes, that means at least half of FY 2022. These three quarters represent about \$100 million of relief against the deficit estimate from when the budget was enacted.

Medicaid - CHIP Enhanced Rate. The federal medical assistance percentage rate not only determines the state and federal share of Medicaid, the state's largest health and human services program, but also applies to adoption assistance, foster care, and child care. The Medicaid rate is the basis for calculating the enhanced federal medical assistance percentage rate, the federal matching rate for the Children's Health Insurance Program (CHIP). The enhanced Medicaid rate reduces the state share by 30 percent. For example, if a state's Medicaid rate is 52 percent, its state share is 48 percent. That gets lowered to 33.6

percent under the enhanced rate of 66.7 percent. A state's Medicaid rate may increase or decrease depending on the adjustment to a state's per capita income, as does the enhanced Medicaid rate.

The Affordable Care Act increased the already enhanced rate by another 23 percentage points until FFY 2020 when it was lowered 11.5 extra points. The regular enhanced rate returns in FFY 2021. The FFY 2020 rate is 78.57 percent and staff has estimated that the rate for FFY 2021 and FFY 2022 will be 67.07 percent, based on the current state enhanced Medicaid rate for FFY 2020.

CHIP Rates	FFY	SFY
2022	67.07%	67.07%
2021	67.07%	69.95%
2020	78.57%	81.14%
2019	89.80%	89.61%
2018	89.02%	88.95%
2017	88.71%	88.61%
2016	88.29%	82.47%
2015	65.00%	65.04%

The Patient Protection and Affordable Care Act of 2010. On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act of 2010, commonly referred to as the Affordable Care Act, which provided for national health care reform. That was immediately followed by him signing a package of amendments called the Health Care and Education Reconciliation Act of 2010.

The Act required most citizens and legal residents to have health insurance by January 1, 2014, or pay a tax penalty, and expanded Medicaid coverage to individuals and families up to 138 percent of the federal poverty level; the threshold is 133 percent, but the Act includes a 5 percent disregard, essentially making the Medicaid eligibility threshold 138 percent. The Tax Cuts and Jobs Act of 2017 repealed the individual mandate to purchase health insurance, but did not make any changes to the expansion program.

The Affordable Care Act also provides for premium credits and cost-sharing subsidies for individuals and families between 139 percent and 400 percent of poverty; this also remains unchanged in the Tax Cuts and Jobs Act. The Act requires most employers to offer medical coverage, includes small business tax credits for employers with no more than 25 employees and provides for a temporary reinsurance program for employers providing health insurance coverage to individuals over 55 years of age but who are not eligible for Medicare. This provision was not changed.

The Affordable Care Act allows young adults to remain on a parent's or guardian's health plan until age 26; this provision became effective September 23, 2010. Regulations state that young adults are eligible for this coverage regardless of any of the following factors: financial dependency, residency with parent, student status, employment or marital status. The law does not require that a plan or issuer offer dependent coverage, but that if coverage is offered, it must be extended to young adults up to age 26. Rhode Island requires insurance plans that cover dependent children to cover unmarried dependent children until age 19, or until age 25 if a student. If the dependent child is mentally or physically impaired, the plan must continue coverage after the specified age. This provision remains in current law.

Medicaid Expansion. Title II of the Act expands eligibility for Medicaid to lower income persons and assumes federal responsibility for much of the cost of this expansion. Beginning on January 1, 2014, all children, parents and adults without dependent children who are not entitled to Medicare and who have family incomes up to 138 percent of poverty became eligible for Medicaid. The 2013 Assembly expanded coverage to this population.

States are required to maintain the same income eligibility levels through December 31, 2013 for all adults, and this requirement is extended through September 30, 2019, or FY 2020, for children currently on Medicaid. This requirement has been extended until September 30, 2023 with the recent passage of the Healthy Kids Act that extended the Children's Health Insurance Program. For Rhode Island, this requirement applies to RItE Care eligibility for parents who are at or below 175 percent of poverty and children who are at or below 250 percent. The 2013 Assembly lowered the parent's threshold to 133 percent of poverty and included funding to assist in the transition to coverage through the health benefits exchange. The eligibility threshold for the parent was increased to 138 percent to match the threshold for the expansion program which is 133 percent of poverty after disregarding five percent of the annual income.

Similar to provisions in the American Recovery and Reinvestment Act, states cannot take actions to lower enrollment or make eligibility stricter. States can reduce provider fees, but must prove that the reduction will not make it harder for Medicaid patients to get needed care; states may eliminate optional benefits.

Between 2014 and 2016, the federal government paid 100 percent of the cost of covering newly-eligible individuals. On January 1, 2017, the Medicaid rate decreased to 95 percent. The rate was 94 percent for calendar year 2018; it dropped to 93 percent in 2019 and 90 percent on January 1, 2020 for all subsequent years, requiring a 10 percent state match.

Final FY 2017 expenses were \$453.9 million, including \$25.4 million from the state match. For FY 2018, those expenses were \$453.9 million, of which \$25.4 million is from general revenues, and FY 2019 totaled \$488.1 million, of which \$30.9 million is from general revenues. The FY 2020 final budget includes \$505.0 million, of which \$40.1 million is from general revenues, however preliminary actual expenses totaled \$477.6 million, including \$43.3 million from general revenues, or \$27.4 million less than the final appropriation. For FY 2021, the enacted budget includes \$640.8 million, of which \$68.5 million is from general revenues. The enacted budget and out-year estimates, including the state match, are shown in the following table.

Medicaid Expansion		
FY	General Revenues	All Funds
2021	\$ 68.5	\$ 640.8
2022	\$ 69.9	\$ 699.0
2023	\$ 71.3	\$ 713.0
2024	\$ 72.9	\$ 729.0
2025	\$ 74.6	\$ 746.0

\$ in millions

HealthSource RI. In September 2011, Governor Chafee issued an executive order to establish the Rhode Island Health Benefits Exchange, renamed HealthSource RI, the marketplace for purchasing health insurance, known as the Exchange. The 2015 Assembly enacted Article 18 of 2015-H 5900, Substitute A, as amended, to establish the Health Benefits Exchange into general law as a division within the Department of Administration. It authorizes HealthSource RI to operate a state-based exchange to meet the minimum requirements of the federal act. It authorizes an assessment be charged by the Department, which cannot be more than the revenues that would be raised through the federally facilitated marketplace upon those insurers offering products on the exchange. The assessment generated \$7.3 million for FY 2020 and is anticipated to collect \$7.4 million for FY 2021. The budget also includes \$1.4 million from general revenues to be used in conjunction with the revenues from the assessment for the operations of HealthSource RI.

The 2019 Assembly also included Article 11 of 2019-H 5151, Substitute A, as amended, to address federal changes decreasing the assessment from 3.5 percent to 3.0 percent. The article decouples the state's

premium assessment from the rate charged for federally facilitated marketplaces. It establishes a fee of 3.5 percent in statute, effective January 1, 2020.

HealthSource RI, in addition to offering in-person assistance from professional health benefits navigators, also offers online tools to assist Rhode Island residents and small businesses with shopping for and purchasing health insurance. All plans offered through HealthSource RI meet minimum coverage requirements set by the federal government, including essential health benefits such as preventive care and annual physicals, doctor sick visits, hospitalizations, maternity care, emergency room visits, and prescription coverage.

Tools offered through HealthSource RI can be used by those who do not have coverage either through an individual plan or through an employer plan, are under-insured by their individual or employer plan, and those who are comparison shopping between their current plan and plans offered through the exchange. Small employers with fewer than 50 full-time employees may also use HealthSource RI to offer coverage options to their employees.

The Legislature required religious employers that purchase plans on the Exchange to offer their employees a full-choice option. The employers would not be responsible for any additional costs of a plan selected by an employee. It also required that if an employer elects the religious exemption variation, it must provide written notice to enrollees that the plan excludes coverage for abortion services.

HealthSource RI began accepting applications on October 1, 2013. Health plans offered through the marketplace are categorized into tiers based on the level of benefits and cost sharing requirements. Individuals in households with income below 400 percent of poverty who are not Medicaid eligible will receive federal subsidies to reduce the cost of commercial health plans purchased through the Exchange.

The 2013 Assembly lowered the state's threshold criteria for RItE Care parents to 133 percent of poverty and created a premium assistance program to aid in the transition to coverage through the Exchange with the state paying 50 percent of the cost of commercial coverage, after subtracting what the parents are currently paying for RItE Care coverage and any federal tax credits or subsidies that are available.

Reinsurance Program. The 2019 Assembly concurred with the Governor's proposal to establish a reinsurance program, which was envisioned to provide stability in the individual insurance market; legislation is contained in Article 11 of 2019-H 5151, Substitute A, as amended. It imposes a shared responsibility payment penalty for individuals who do not have health insurance coverage, with certain exemptions and became effective on January 1, 2020. For federal tax year 2017, the penalty per household was \$695 per adult and \$347.50 per child under 18 or 2.5 percent of the household's income; however, the penalty was capped at the national average premium for bronze level plans. It mirrors the federal penalty, with the exception of capping the penalty at the statewide average premium for bronze level plans offered on the state's health benefits exchange. This currently equates to \$2,388. The collections from tax year 2017 were approximately \$11.0 million.

The penalty is collected by the tax administrator and deposited into a restricted account titled the Health Insurance Market Integrity Fund. The funds are used to provide reinsurance or payments to health insurance carriers, as a means of ensuring that premiums do not increase drastically, and for administrative costs. Remaining funds from the penalty can be used for preventative health care programs in consultation with the Executive Office of Health and Human Services. The legislation prohibits the use of general revenues for reinsurance payments. The FY 2021 enacted budget includes \$9.6 million from the shared responsibility payment penalty of which \$8.3 million will be used to make payments to health insurance carriers and \$1.3 million is for administrative expenses.

Health System Transformation Program. The 2015 Assembly enacted Section 10 of Article 5 of 2015-H 5900 Substitute A, as amended, for the hospital and nursing facility incentive programs and authorized the Secretary of Health and Human Services to seek the federal authority required to implement a hospital and nursing home incentive program. The program provided participating hospitals and nursing facilities the ability to obtain certain payments for achieving performance goals established by the Secretary.

The 2016 Assembly included Section 9 of Article 7 of 2016-H 7545 Substitute A, as amended, to seek federal authority to fund the Rhode Island Health System Transformation Program and the Designated State Health Programs to seek Medicaid match through a health workforce development partnership with the University of Rhode Island, Rhode Island College and the Community College of Rhode Island.

The state received approval on October 20, 2016 for a five-year grant totaling \$129.7 million for the Health System Transformation Project. The state, along with accompanying changes to its managed care contracts, will develop shared savings agreements between the managed care health plans and the certified affordable entities. The shared savings incentive programs are the Hospital and Nursing Home Incentive Program and the Accountable Entity Incentive Arrangement. The Executive Office spent \$7.0 million in FY 2017 in the Medical Assistance program for incentive payments to nursing facilities.

The second phase expanded opportunities through the Accountable Entities and the FY 2018 final budget included \$9.3 million for the administrative expenses. The Executive Office entered into the following financial arrangements: \$2.0 million for its investment in the Healthcare Workforce Transformation initiative in coordination with the three state institutions of higher education, University of Rhode Island, Rhode Island College and the Community College of Rhode Island, \$1.3 million for contracted evaluation and other oversight services through Conduent, and \$0.8 million for contracted staffing for project management, financial operations, analysis, evaluation and federal compliance.

The Assembly concurred with the Governor's proposal to establish a restricted receipt account in the general fund so that healthcare workforce development activities at the state's public institutions of higher education can receive the federal match that is available to the state's Medicaid program through its Executive Office of Health and Human Services' Designated State Health program. The aggregate spend from FY 2017 through the FY 2021 enacted budget totals \$117.7 million on programs and administrative expenses.

Unified Health Infrastructure Project. The state received approval from the Centers for Medicare and Medicaid Services in April 2015 to implement a nine-year, \$230.8 million project that includes \$162.6 million from federal funds including Medicaid, matched by \$50.6 million from general revenues. The project is a joint venture among the Executive Office of Health and Human Services, Department of Human Services, and HealthSource RI. That initial plan was subsequently increased to \$363.7 million, including \$79.0 million for the state match and would be a fully integrated system, RI Bridges, instead of two separate systems for its human services eligibility, application and worker accessibility activities in the affected agencies as originally planned. This was in July 2015 and the system was to be operational one year later and in September 2016, the old system was shut down; the new system became operational.

There have been continuing concerns from the United States Department of Agriculture's Food and Nutrition Service about the system's functionality. To receive federal approval for matching funds, the state is required to submit its project plan quarterly until instructed otherwise by the federal government.

The most recent plan for FFY 2020 totals \$656.0 million, including \$154.0 million from general revenues. The state continues to be on a quarterly approval process. The FY 2020 enacted budget assumes the use of \$33.2 million from the Deloitte settlement to offset state expenses and \$16.8 million will be returned to the federal government. The Governor's revised recommendation did not identify if the state share changed or if there were any additional state costs. On February 12, the administration announced the final settlement

in which the state will retain \$30.0 million. The following table includes spending from FY 2016 to FY 2020 as well as the FY 2021 enacted budget.

Unified Health Infrastructure Project/Contact Center	General Revenues	Federal Funds	Deloitte Settlement Funds	Other Restricted/TT Fund & HealthSource RI	Total
FY 2016 through FY 2020	\$ 36,752,572	\$ 261,354,065	\$ 50,000,000	\$ 12,646,501	\$ 360,753,138
FY 2021 Governor Recommendation					
EOHHS	\$ 9,713,034	\$ 41,492,922	\$ -	\$ -	\$ 51,205,956
DHS	12,674,528	14,658,834	-	-	27,333,362
HealthSource RI/Contact Center	333,813	-	-	4,592,582	4,926,395
Total	\$ 22,721,375	\$ 56,151,756	\$ -	\$ 4,592,582	\$ 83,465,713
FY 2021 Enacted					
EOHHS	\$ 9,712,435	\$ 41,487,505	\$ -	\$ -	\$ 51,199,940
DHS	6,179,260	14,624,414	-	-	20,803,674
HealthSource RI/Contact Center	526,160	-	-	4,592,582	5,118,742
Total	\$ 16,417,855	\$ 56,111,919	\$ -	\$ 4,592,582	\$ 77,122,356
<i>FY 2016 through FY 2021 Enacted</i>	<i>\$ 75,891,802</i>	<i>\$ 373,617,740</i>	<i>\$ 50,000,000</i>	<i>\$ 21,831,665</i>	<i>\$ 521,341,207</i>

Rhode Island Consumer Choice Global Compact Waiver. The Rhode Island Consumer Choice Global Compact Waiver, or Medicaid Global Waiver, was approved by the Centers for Medicare and Medicaid Services on January 16, 2009. The Global Waiver establishes a new federal-state agreement that provides Rhode Island with the flexibility to provide services in the least restrictive, most cost effective way to meet the needs of its citizens. It was in effect until December 31, 2013, at which time the state applied for and received an extension until December 31, 2018, renaming it the 1115 Research and Demonstration Waiver. The state recently received approval to extend the waiver until December 31, 2023.

Programs under the waiver include Rite Care, Rhody Health Partners, Rhody Health Options, home and community based services to elderly residents, residential and community support programs to adults with behavioral health and developmental disabilities, and breast and cervical cancer treatments. It also allowed the state to leverage Medicaid for services that were previously state-only in the Departments of Human Services, Behavioral Healthcare, Developmental Disabilities and Hospitals, and Children, Youth and Families.

As part of the Medicaid resolution language included in Article 13 of 2018-H 7200, Substitute A, as amended, the state has legislative approval to seek extension of the waiver. The following table includes the new benefits that were included in the extension and approved by the Centers of Medicare and Medicaid Services and is in the Governor's FY 2021 recommended budget. The Assembly did not concur with these changes.

Waiver Proposals Approved and Part of the Governor's Recommendation	
<i>Program</i>	<i>Explanation</i>
Covering Family Home Visiting Program	<ul style="list-style-type: none"> • Able to receive federal matching funds for evidence-based home visiting services for Medicaid eligible pregnant women and children up to age four who are at-risk for adverse health, behavioral, and educational outcomes • Aimed at improving maternal and child health outcomes, encouraging positive parenting, and promoting child development and school readiness

The next table shows waiver proposals that have been approved in the waiver that impact youth and families, but not included in the FY 2020 or FY 2021 budgets.

Waiver Proposals Approved and Not Funded as Part of the Governor's Recommendations	
<i>Programs for Youth and Families</i>	<i>Explanation</i>
Facilitating Medicaid Eligibility for Children with Special Needs	<ul style="list-style-type: none"> • Eligibility category established for children who meet the SSI disability criteria, but whose household income & assets exceed the SSI resource limits, and who need care in a psychiatric residential treatment facility • Allows children who meet the SSI disability criteria and require care in a residential treatment facility to become Medicaid eligible and receive residential care without parents needing to voluntarily relinquish custody to the Department of Children, Youth and Families
Enhancing Peer Support Services for Parents & Youth	<ul style="list-style-type: none"> • Able to receive federal matching funds for peer mentoring services to children, youth, and young adults, and their families, who have complex behavioral health needs and are at risk of removal from the home due to child welfare or juvenile justice involvement, or who may need extended residential psychiatric treatment

The next table shows proposals that have been approved that impact adults but not included in the FY 2020 or FY 2021 budgets.

Waiver Proposals Approved and Not Funded as Part of the Governor's Recommendations	
<i>Programs for Adults</i>	<i>Explanation</i>
Supporting Home- and Community-Based Therapeutic Services for the Adult Population	<ul style="list-style-type: none"> • Expansion of current in-home/community-based skill building and therapeutic/clinical services offered to children to adults • Services may include but are not limited to: home-based specialized treatment; home-based treatment support; individual specific orientation; transitional service; lead therapy; life skill building; specialized treatment consultation by a behavioral health clinician; and treatment coordination
Access to Care for Homebound Individuals	<ul style="list-style-type: none"> • Cover home-based primary care services only for Medicaid eligible individuals who are homebound, have functional limitations that make it difficult to access primary care, or for whom routine office based primary care is not effective because of complex medical, social, and/or behavioral health conditions
Waive the Institutions of Mental Disease (IMD) Exclusion	<ul style="list-style-type: none"> • Waiver of the IMD exclusion to allow Medicaid coverage for residential treatment services in a facility with 16 or more beds for individuals who have substance use disorders • CMS has approved a waiver of the IMD exclusion for substance abuse disorder only, not mental health

One aspect that did change was the process that the state has to adhere to in order to amend the waiver. Previously, the process was dictated by the nature of the change and identified as either a Category I, II or III change. The following table shows each separate category, gives brief explanations and examples, and identifies whether or not Assembly approval is required.

Category	Assembly Approval	Global Waiver Change	Examples Waiver Changes
I	No	Any administrative change that does not affect eligibility, benefits, healthcare delivery, payment methods or cost sharing	General operating procedures, instruments to determine level of care and prior authorization procedures
II	Yes	State plan amendment change that does not change the special terms and conditions of the global waiver or expenditure authority	Benefit packages, payment methods, and cost sharing levels that do not affect eligibility
III	Yes	Requires modifying the current waiver or expenditure authority	All eligibility changes, changes to spend down levels, aggregate changes to cost sharing that exceed current limit

As part of the waiver extension, the Centers for Medicare and Medicaid Services notified the state that the process to approve requested waiver changes would be streamlined and the separate categories eliminated. There is now one process to make formal amendment changes that were previously considered Category III. The Assembly included Section 9 of Article 13 of 2019-H 5151, Substitute A, as amended, that retains Assembly approval for previous Category II and III changes which will now be identified as formal amendments and state plan changes, respectively.

Medicaid Expenses - State/National Comparison. The Medicaid report has compared national and state 2013 Medicaid spending using the Medicaid and Children’s Health Insurance Program Payment and Access Commission (MACPAC) MACStats Data Book (December 2015). The updated MACStats Data Book (December 2016 and 2017) includes national and state 2013 spending; however, certain information for Rhode Island is not listed because as footnoted: *“State was excluded due to data reliability concerns regarding completeness of monthly claims and enrollment data.”* The 2013 data has not been updated and as such is being excluded from this year’s edition of the report. Prior House Fiscal Advisory Staff analyses show the older data.

Poverty Guidelines

The federal poverty guidelines are used for purposes of determining financial eligibility for certain state and federal programs, including several programs in state agencies under the Executive Office. The 2020 guidelines are shown in the following table.

Percent of Federal Poverty Level based on Annual Income								
Family Size	100%	133%	138%	150%	180%	185%	225%	250%
1	\$ 12,760	\$ 16,971	\$ 17,609	\$ 19,140	\$ 22,968	\$ 23,606	\$ 28,710	\$ 31,900
2	17,240	22,929	23,791	25,860	31,032	31,894	38,790	43,100
3	21,720	28,888	29,974	32,580	39,096	40,182	48,870	54,300
4	26,200	34,846	36,156	39,300	47,160	48,470	58,950	65,500
5	30,680	40,804	42,338	46,020	55,224	56,758	69,030	76,700
6	35,160	46,763	48,521	52,740	63,288	65,046	79,110	87,900
7	39,640	52,721	54,703	59,460	71,352	73,334	89,190	99,100
8	44,120	58,680	60,886	66,180	79,416	81,622	99,270	110,300

For families with more than 8 members, add \$4,480 for each additional member for the 100 percent calculation.

The poverty guidelines are based on the calculations made for the poverty threshold used by the United States Census Bureau mainly for statistical purposes, for instance, preparing the estimates of the number of Americans in poverty for each year’s report.

They are issued each year, generally in the winter, in the Federal Register by the United States Department of Health and Human Services. The guidelines are thresholds used to determine financial eligibility for certain federal programs. They are adjusted for families of different sizes.

Both the thresholds and the guidelines are updated annually for price changes using the Consumer Price Index for All Urban Consumers (CPI-U). The poverty guidelines are sometimes loosely referred to as the “federal poverty level” or “poverty line.”

Medicaid Recipients

Citizenship Requirements. To be eligible to receive Medicaid funded services, an individual must generally either be a citizen or legal resident for at least five years. Individuals must also be a resident of the state in which they are applying for benefits.

Pregnant Women. Medical services are provided to pregnant women whose annual income is at or below 250 percent of the poverty level. States are mandated to provide services to women at or below 133 percent of poverty.

Children and Parents. Medical services are provided to children whose family income is at or below 250 percent of poverty and parents if the income is at or below 133 percent of poverty through the RIte Care and RIte Share programs. Medical services are also provided to children who are placed in foster care or an adoptive placement through the Department of Children, Youth and Families.

Children with Special Health Care Needs. Medical services are provided to children with special health care needs including children in the Department of Children, Youth and Families' care who are in foster care and adoptive placement.

The following table shows the populations to which a state must provide medical benefits and the eligibility criteria established in Rhode Island. Each is discussed separately in the following pages.

Populations	
Mandatory	Optional
Low income Medicare beneficiaries up to 135% of poverty	Low income elderly or adults with disabilities and individuals eligible for home & community care waiver services
Children up to age 1 at or below 185% of poverty; Parents and children age 1 to 19 at or below 133% of poverty	Children to 250% of poverty
Supplemental Security Income or Social Security Disability Insurance recipients	Non-disabled adults, without dependent children, ages 19 through 64 with income at or below 138% of poverty
	Individuals who are medically needy
	Women eligible for breast and cervical cancer treatment services
Children in adoption assistance or who live in foster care under a Title IV-E program	Children under 18 who would otherwise need institutional care

Low Income Elderly. Individuals age 65 and older are eligible for medical benefits based on income and resources. They are eligible for community and/or long term care services if they meet income guidelines and the level of care requirements for the state's programs.

Medicaid Eligible Disabled Non-Elderly Adults. The state provides medical and cash assistance benefits to an adult, under the age of 65, if that individual meets the Social Security Administration definition of disabled. A person is considered disabled if they have a physical or mental disability, expected to last longer than six months and result in their death.

There are two programs that provide a monthly cash assistance benefit to a disabled individual: Social Security Disability Insurance (SSDI) and/or Supplemental Security Income (SSI).

If an individual is determined to be disabled and has a work history of 40 quarters, he or she may first be eligible for Social Security Disability Insurance, which is not considered a public assistance program. This is a federal program where the individual receives a monthly payment.

The second program available to a disabled individual is the Supplemental Security Income program. This is a federal public assistance program for individuals with limited income and resources. Individuals may be eligible for both the Social Security Disability Insurance program and the Supplemental Security Income

program if they meet the income eligibility requirements. States have the option of providing a state payment in addition to the federal payment. Rhode Island began to make this supplemental payment in 1987.

Non-Disabled Adults without Dependent Children. The 2013 Assembly expanded Medicaid coverage to non-disabled adults without dependent children between the ages of 19 and 64 at or below 138 percent of federal poverty, consistent with the changes under the Affordable Care Act.

Breast and Cervical Cancer Treatment. The state provides breast and cervical cancer treatment services through the Medicaid global waiver. A woman must first be screened through the Department of Health's women's cancer screening program before she can receive Medicaid covered treatment services and be at or below 250 percent of poverty.

Medicaid - Benefits

States must provide mandatory benefits to certain populations. States can also choose to cover additional populations and provide additional benefits beyond what is mandated by the federal government. If a state chooses to extend coverage to additional populations, it must provide the same mandatory services it gives to its mandatory populations.

The most recent Executive Office of Health and Human Services' Rhode Island Annual Medicaid Expenditure Report includes Medicaid spending by population and cost per person for FY 2018 as shown in the following table.

Populations	Persons	% of Population	Costs*	% of Cost	Annual Cost/Person
Children/Parents	168,489	53.3%	\$ 592.0	22.6%	\$ 3,504
Expansion	79,251	25.1%	473.0	18.1%	\$ 6,186
Elderly	22,235	7.0%	609.0	23.2%	\$ 29,124
Disabled - Children	12,705	4.0%	176.0	6.7%	\$ 14,052
Disabled - Adults	33,177	10.5%	770.0	29.4%	\$ 23,496
Total	315,857	100%	\$ 2,620.0	100.0%	

**in millions*

The report had included a breakdown of cost by mandatory and optional populations and mandatory and optional services. However, this has been excluded from the report since FY 2014. It was included in the report for FY 2013 spending, which is shown in the next table. The 2019 Assembly passed legislation that requires the Executive Office of Health and Human Services to include this information, as well as administrative expenses, in its annual spending report for FY 2019 expenses to be submitted in the spring of 2020. The state spent \$1,785.0 million from federal and state funds on Medicaid services in FY 2013. Of this total, \$615.0 million, or 34.0 percent, was spent on mandatory services for mandatory populations.

FY 2013 Medicaid		Gen. Rev.	All Funds
Mandatory Populations	Mandatory Services	\$ 298.4	\$ 615.0
	Optional Services	134.9	278.0
	<i>Subtotal - Mandatory Populations</i>	\$ 433.3	\$ 893.0
Optional Populations	Mandatory Services	\$ 311.0	\$ 641.0
	Optional Services	121.8	251.0
	<i>Subtotal - Optional Populations</i>	\$ 432.8	\$ 892.0
Total Expenses		\$ 866.1	\$ 1,785.0

\$ in millions

The requirements to submit the annual report are contained in Rhode Island General Laws, Chapter 42-7.2 (5) and starting in 2020 the report includes: expenditures, including administrative expenses, outcomes and utilization rates by population and sub-population served (e.g. families with children, persons with disabilities, children in foster care, children receiving adoption assistance, adults ages 19 to 64, and elders); expenditures, outcomes and utilization rates by each state department or other municipal or public entity receiving federal reimbursement under Medicaid; and expenditures, outcomes and utilization rates by type of service and/or service provider. The report is also required to include expenditures by mandatory population receiving mandatory services and, reported separately, optional services, as well as optional populations receiving mandatory services and, reported separately, optional services for each state agency receiving Medicaid funds. As of the January 2021, the report that was due by March 15, 2020 has not yet been submitted.

The following table shows both the mandatory and optional benefits provided through the state's Medicaid program for acute care services. Acute care services are direct medical benefits provided to eligible individuals including doctor visits, hospital services, rehabilitation, and prescription coverage.

Acute Care Benefits	
Mandatory	Optional
Physician services	Prescriptions
Lab & X-ray	Rehabilitation & other therapies
In/outpatient hospital services	Clinical Services
Early, Periodic, Screening Diagnostic and Treatment (EPSDT) Services	Dental, dentures, prosthetic devices & eyeglasses
Family planning services and supplies	Case management
Federally qualified health centers and rural health clinic services	Durable medical equipment
Nurse midwife as state law permits	Tuberculosis related services
Certified pediatric & family nurse practitioner services	Medical remedial care provided by other licensed professionals

In addition, the next table includes both the mandatory and optional benefits provided through the state's Medicaid program for long term care and home and community care services.

Long Term Care Benefits	
Mandatory	Optional
Institutional	
Nursing facility services for those 21 or older needing that level of care	Intermediate Care Facility for the Developmentally Disabled (ICF/DD)
	Individuals 65 or older in an institute of mental disease
	Inpatient psychiatric hospital service for those under 21
Home and Community Care Services	
Home health care services for those entitled to nursing home care	Home & community based care/other home health care
	Targeted case management
	Hospice/Personal care
	Respiratory care services for ventilator dependent individuals
	PACE Program

Medicaid Programs

The state provides medical benefits, residential, and home and community based services to qualified individuals. The following sections describe the programs.

Medical Benefits

RIte Care/RIte Share. The state provides medical benefits to children and their parents who meet the eligibility criteria for the RIte Care program. The federal government mandates that states provide Medicaid benefits to children up to age 19 whose family income is at or below 133 percent of poverty, children in foster care and adoptive assistance, and parents whose income is at or below 50 percent of the poverty level.

The federal government allows states to provide medical benefits to individuals beyond the populations it mandates and that coverage is provided through Medicaid waivers. Rhode Island chooses to provide benefits to children whose family income is at or below 250 percent of poverty (for example, a family of four with an income that does not exceed \$65,500) and to parents if the family income is at or below 133 percent of poverty (for that same family of four, an income that is not above \$34,846). If a family's income is at or below 200 percent of poverty, the child (or children) would receive RIte Care benefits, but the parent (or parents) would not because the annual income is too high. The Centers for Medicare and Medicaid Services issued a ruling that requires states to use the new methodology mandated under the Affordable Care Act for verifying income that uses a family's modified adjusted gross income (MAGI) instead of family income with certain disregards.

Under the methodology conversion, states have a higher income threshold for certain populations because the disregards are adjusted using the new calculation with the intent to not make any person ineligible for benefits because of the conversion. For Rhode Island, this conversion changes the income threshold for children, increasing it from 250 percent with the disregards to 261 percent. For Rhode Island, the income threshold for parents was raised to the mandatory level of 138 percent which is not impacted by the MAGI conversion.

RIte Share participants are eligible for RIte Care but have access to employer sponsored insurance for which the state pays monthly cost sharing requirements and deductibles. The 2019 Assembly added Section 7 of Article 13 of 2019-H 5151, Substitute A, as amended, that requires a plan be submitted by October 1, by the Executive Office of Health and Human Services to identify Medicaid eligible individuals who have access to employer sponsored health insurance. Beginning January 1, 2020, the information is to be included in the medical assistance report. The objective is to increase enrollment in the lower cost benefit that enrolls Medicaid beneficiaries in employer sponsored insurance to levels that existed prior to the launch of the Unified Health Infrastructure Project which totaled approximately 8,400. The November 2019 caseload testimony reported enrollment of less than 4,000.

RIte Share Outreach and Reporting. As noted, prior to the September 2016 launch of the Unified Health Infrastructure Project (UHIP), there were 8,400 individuals covered through RIte Share compared to the 3,500 reported in March 2019. The Governor proposed in her FY 2020 budget recommendation a new fee for large employers whose workers were on Medicaid. The budget projected \$14.5 million in net revenue. There was testimony at the House Finance Committee hearing on this proposal that there were many instances where the employer was not aware that an employee was on RIte Care.

The Assembly rejected this proposal and required the state to revisit efforts to increase enrollment in the RIte Share Program after noting that enrollment was less than half of what it was before the launch of UHIP. The Assembly included Section 7 of Article 13 of 2019-H 5151, Substitute A, as amended, for the Executive Office to submit a plan by October 1, 2019 to revisit the existing RIte Share program to maximize

enrollment and identify who has access to other health insurance. After that, the Executive Office is required to submit the following information in its monthly medical assistance report starting January 1, 2020: the number of individuals with access to third party insurance, the number of plans that meet the cost effectiveness criteria, and the enrollment in RItE Share.

The January 2020 monthly report does not contain the required information. Instead it includes the number of individuals working over 30 hours, the number of employers with plans not meeting the cost effectiveness criteria and RItE Share enrollment. The report includes the following statement: *“The state does not have full ESI information for all employees in the state, and therefore cannot produce the number of Medicaid beneficiaries with access to ESI. The Governor’s recommended budget includes a provision to require for profit employers with more than 50 employees to provide this information to the state, so we could better meet this reporting requirement and improve enrollment in our RItE Share program.”*

It should be noted that under current law, RItE Share enrollment is a condition of eligibility for anyone over age 19, except in limited circumstances. If the state has approved an employer sponsored plan, the family is required to participate in RItE Share. If a family does not sign up for the employer sponsored health insurance, the adults will have their Medicaid eligibility terminated and any children will remain on RItE Care with the full Medicaid benefit.

The Governor’s FY 2021 recommended budget proposed a significant change to the way the RItE Share program currently operates by having employers with at least 50 workers, excluding non-profits, submit employee-specific information to the Executive Office and Division of Taxation so a determination can be made if a Medicaid eligible individual has access to employer sponsored insurance. On a quarterly basis, an employer would also report which workers are no longer employed. An employer would submit data and enrollment reports for its workers and whether or not they are enrolled in the employer sponsored insurance. The employer would also have to notify the Executive Office when a new employee is offered insurance during an open enrollment period. The employer would have to participate in an employer education and outreach campaign, and could not offer any financial incentives for an employee to turn down the offer of insurance. As the program currently operates, the RItE Share Unit’s three employees do outreach and collect the information.

Any employer who does not comply in a timely manner would be assessed a \$2,500 penalty by the Division of Taxation; one who does not comply at all or an employer who provides false information would be assessed a \$5,000 penalty. The Governor’s FY 2021 recommendation includes savings of \$19.0 million, including \$5.6 million from general revenues from increasing enrollment by approximately 19,000 individuals to 25,000.

The Assembly did not adopt this proposal to change RItE Share. The current public health emergency has affected employment and with it access to employer sponsored insurance. The Executive Office also testified that the delay in enacting the FY 2021 budget and the current pandemic would delay implementation and any savings from this proposal to FY 2022.

RItE Share Cost Sharing Requirement. RItE Share recipients with annual incomes above 150 percent of the federal poverty level pay a monthly cost sharing requirement that is no more than five percent of their annual income. The following chart shows the three separate payments based on a family’s annual income, approximately three percent.

RItE Share Co-Pays	
Poverty Level	Current Payments
150% up to 185%	\$61
185% up to 200%	\$77
200% up to 250%	\$92

The 2013 Assembly eliminated the monthly cost sharing requirement for families whose children receive coverage through RItE Care so that a family receiving coverage through the Exchange will not have two monthly premiums: one for the child(ren) in RItE Care and the monthly cost for commercial health coverage.

Extended Family Planning. The state provides extended family planning services to post-partum women with an income at or below 250 percent of poverty, for up to 24 months, if the mother loses RItE Care coverage 60 days after having a child.

Foster Care. The state provides RItE Care benefits to a child in a foster care placement. The state does not provide benefits to the biological parent or the foster parent. The child is also covered by Medicaid if determined to be eligible for disability through the Supplemental Security Income program.

Adoptive Assistance. The state provides RItE Care benefits to a child in adoptive assistance. The child is also covered by Medicaid if determined to be eligible for disability through the Supplemental Security Income program.

Children with Special Health Care Needs - Katie Beckett Option. The state chooses to provide home care and other services to children under the age of 18 who would require an institutional level of care. The income eligibility is based on the child's income and not the family's income. States can also choose to provide this service as a waiver, which would include a limited number of placements, or as an option under the Medicaid state plan, which is not limited. Rhode Island provides the services under the state plan option allowing for an unlimited number of program participants.

Early Intervention. The state provides services to children from birth to age three who have presented with a disability through the early intervention program. The services include physical, speech and occupational therapies.

Rhody Health Partners. For adults who are disabled but not receiving Medicare, the state provides medical benefits through Rhody Health Partners. This is a managed care system with plans through either Neighborhood Health Plan of Rhode Island, UnitedHealthcare or Tufts.

Rhody Health Options. For adults who are eligible for both Medicare and Medicaid, the state entered into a contract with Neighborhood Health Plan of Rhode Island to manage the acute care and long term care services for these individuals.

Fee-for-Service System. Individuals who are eligible for both Medicare and Medicaid, known as dual eligibles, receive medical benefits through the traditional fee-for-service system.

Long Term Care Residential and Community Care Services

Nursing Homes. The state reimburses 84 nursing homes that provide long term residential care to elderly and disabled individuals who require a nursing home level of care.

Hospice Services. Hospice services are provided to the terminally ill if there is a medical prognosis that life expectancy is six months or less. Services are provided in either the home setting, a nursing home, or other institutional setting.

Assisted Living Facilities. The state provides eligible residents access to assisted living facilities, a less expensive alternative to residing in a nursing home. Individuals can access this option, available through the Medicaid Global Waiver.

Home and Community Care Services. Through the Medicaid Global Waiver, the state provides home care and community care services to allow individuals to remain in their home instead of moving into a nursing home.

Eleanor Slater Hospital. The Eleanor Slater Hospital is the state's only public hospital and provides long-term care services with the support of acute medical services. It is a 495-bed facility licensed by the Department of Health, accredited by the Joint Commission on the Accreditation of Healthcare Organizations, and certified by the Centers for Medicare and Medicaid Services. It is a two-campus hospital consisting of the Pastore campus in Cranston and the Zambarano unit in Burrillville. The state provides long term services to individuals with disabilities, court ordered psychiatric patients, and those with behavioral health issues. As of January 2021 there are approximately 220 patients between both campuses.

As previously noted, it was determined that the state was not in compliance with billing practices that were required in order to bill Medicaid for services provided at the hospital. There were three separate issues for patients at the state hospital disclosed over several months by the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals and Office of Management and Budget beginning in March 2020.

The first issue was that Rhode Island was in not compliance with the federal rule regarding Medicaid funding for facilities that have more psychiatric patients than medical ones. If a facility has more than 16 beds and provides services to more psychiatric patients than medical ones it is considered an Institute of Mental Disease and Medicaid does not fund these facilities. Eleanor Slater Hospital falls into this category and must adhere to this patient mix rule. It was revealed in a March 4, 2020 letter from the Office of Management and Budget that the state was not in compliance with this rule from August 2019 through February 2020. During this process other issues relating to the proper regulatory processes were revealed and rectified.

The second issue was the appropriateness of the state's practice of billing Medicaid for expenses incurred serving its forensic population. This court ordered population includes individuals: not guilty by reason of insanity; incompetent to stand trial or transferred from the Department of Corrections to receive specialized services. The state sought clarification from the Centers for Medicare and Medicaid Services which eventually issued guidance that Rhode Island could not bill Medicaid for these patients. This information was reported as part of the May 2020 hearing before the House Finance Committee that included an update on the progress being made concerning billing issues. This means that these 50 patients must be paid for with only general revenues.

At the June 2020 House Finance Committee hearing, the Department reported a third billing issue uncovered after a review of the remaining non-forensic patients. The Department reported that it could not bill Medicaid, or Medicare, for an unidentified number of patients because their conditions did not warrant a hospital level of care. The state had been billing Medicaid an aggregate cost of approximately \$1,500 a day/per patient for hospital expenses assuming the patient needed that level of care. After the initial review, the Department found that there were patients who could receive necessary services in other placements, such as a nursing home for which reimbursements are considerably lower. It may be the case that the state can bill for some, but not all, of the services patients receive in the hospital before another placement is found. The Executive Office filed a Medicaid state plan amendment to formalize how the state can bill Medicaid for patients currently receiving services at the state hospital but are not in need of a hospital level of care. That process started in March 2020 and federal authority has not been granted as of late January 2021.

The Department engaged the consulting firm Alvarez & Marsal in October 2019 for a hospital assessment and reengaged the firm in July 2020 to work on the redesign of the hospital.

The Governor requested an amendment on October 23, 2020 to provide \$64.9 million, including \$53.6 million from Rhode Island Capital Plan funds, to build a new nursing facility on the Zambarano campus. It also included \$1.3 million for hospital information system and \$7.9 million to continue renovation work on the Regan building. The Assembly did not include that proposal.

Residential Services and Other Programs

Foster Care. The state provides foster care services to children in its custody.

Group Homes. The state provides placement in group home settings to children in its custody.

Bradley Hospital Psychiatric Hospitalization. The state provides short-term treatment and crisis stabilization for children in acute distress, comprehensive evaluations, and long-term treatment. The state pays for psychiatric hospitalization services for Medicaid eligible children and children who are uninsured at the Emma Pendleton Bradley Hospital in East Providence.

Bradley Hospital Group Homes. There are five group homes that are run by Bradley Hospital for children ages 4 to 21, located in East Providence (Rumford House and Swan House), East Greenwich (Greenwich House), North Providence (Hill House), and Warwick (Heritage House).

HIV Treatment Services. The state provides treatment and supportive services to HIV positive individuals who are uninsured and with income up to 400 percent of poverty. As of January 1, 2014, individuals are either eligible for the Medicaid expansion program or benefits through the Exchange. Benefits will still be provided using the Ryan White federal grant and any rebate funding the state receives from drug purchases through that grant.

Mental Health Treatment Services. The state provides mental health treatment services through the Medicaid waiver. For Medicaid funded services, managed care organizations must adhere to the requirement of the Mental Health Parity and Addiction Equity Act of 2008 which was later amended by the Affordable Care Act.

Substance Abuse Treatment Services. As an option under Medicaid, states can also choose to provide substance abuse treatment services to Medicaid eligible individuals. For Medicaid funded services, managed care organizations must adhere to the requirement of the Mental Health Parity and Addiction Equity Act of 2008 which was later amended by the Affordable Care Act.

Adults with Developmental Disabilities. States are mandated to provide Medicaid funded medical benefits to developmentally disabled adults who require a nursing home level of care and to those who are Supplemental Security Income recipients. The state operates a state-run system for about 120 adults with developmental disabilities and the remaining 3,800 individuals receive residential and community based services through private developmental disability organizations. The Governor's FY 2021 recommended budget assumes the closure of the state-run system and a transfer of program recipients to the community based one. The Assembly did not concur.

Services provided under the Medicaid Global Waiver are optional with mandated medical benefits being paid for through the Executive Office of Health and Human Services' budget. The federal regulations governing the waiver mandate that in order to receive services a person must meet three eligibility criteria: diagnostic, functional and financial.

For an individual to meet the *diagnostic* criteria, he or she must have mental retardation, defined as an intelligence quotient that is 70 or less, or another type of developmental disability. States have the ability to define developmental disabilities differently using a more expansive definition and consequently serve

different populations. Rhode Island uses an expanded developmental disability definition. Section 40.1-21-4.3 of the Rhode Island General Laws defines a developmentally disabled adult as someone who is 18 years of age or older, not under the jurisdiction of the Department of Children, Youth and Families, and who is either a developmentally disabled adult or is a person with a severe, chronic disability.

Functional eligibility requires an individual to have a substantial functional limitation in three or more of the following life activities: self-care, receptive and expressive language learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency.

Financial eligibility requires a person to be income eligible for services. In most cases, the only source of income for individuals with developmental disabilities is a \$774.92 monthly Supplemental Security Income check, which places them below the 135 percent of the federal poverty level required for the program.

Medicaid funded services, provided through the waiver, for this eligible population include residential care, day programming and supportive services. The Assembly passed Section 7 of 2018-H 7200, Substitute A, as amended, to update the Medicaid waiver to reflect its current practice for services to developmentally disabled adults. The state is in the process of finalizing this portion of the waiver but anticipates federal approval. The following table shows the tiers and description of options and supports.

DD/ID Needs-Based Service Tier Classifications and Options		
Tier	Service Options	Available Supports
Tier D and E (Highest): <i>Extraordinary Needs</i>	<ul style="list-style-type: none"> • Living with family/caregiver • Independent Living • Shared Living • Community Support Residence • Group Home/Specialized Group Home 	<ul style="list-style-type: none"> • Community Residential Support or access to overnight support services • Integrated Employment Supports • Integrated Community and/or Day Supports • Transportation
Tier C (Highest): <i>Significant Needs</i>	<ul style="list-style-type: none"> • Living with family/caregiver • Independent Living • Shared Living • Community Support Residence • Group Home 	<ul style="list-style-type: none"> • Community Residential Support or access to overnight support services • Integrated Employment Supports • Integrated Community and/or Day Supports • Transportation
Tier B (High): <i>Moderate Needs</i> Tier A (High): <i>Mild Needs</i>	<ul style="list-style-type: none"> • Living with Family/Caregiver • Independent Living • Community Support Residence • **Shared Living • *Group Home 	<ul style="list-style-type: none"> • Access to overnight support services • Integrated Employment supports • Integrated Community and/or Day Supports • Transportation

**Tier A or B individuals will have access to residential services in a group home if they meet at least one defined exception*

***Tier A will have access to shared living services if they meet at least one defined exception*

Department of Justice Consent Decree

On January 14, 2014, Rhode Island entered into an interim settlement with the federal government and on April 8, 2014, signed a consent decree to settle United States v. State of Rhode Island and City of Providence, which addressed the statewide day activity service system for individuals with intellectual and developmental disabilities. State agency parties to the agreement are: Department of Behavioral Healthcare, Developmental Disabilities and Hospitals; Department of Human Services; Department of Elementary and Secondary Education; and the Office of the Attorney General. The Department of Justice finding applies to those who meet the state's definition of an individual with a disability pursuant to Rhode Island General Laws.

The populations addressed in the consent decree are individuals with intellectual and developmental disabilities that include: the Rhode Island Youth Transition Target Population that are transition-age youth attending Rhode Island secondary schools; the Rhode Island Exit Target Population that are transition age

youth during the 2013-2014, 2014-2015, or 2015-2016 school years; the Rhode Island Sheltered Workshop Target Population that perform sheltered workshop tasks or have received day activity services in the previous year; and the Rhode Island Day Target Population that receive day activity services in facility-based day program settings or have received such services in the previous year.

The consent decree has two fiscal components: a monitor and a trust fund. Charles Moseley from the National Association of State Directors of Developmental Disabilities Services had been assigned as the monitor until he resigned in the fall of 2019. The District Court ordered an interim monitor and the state failed to choose a new monitor or submit to the Court three candidates for the replacement. The new monitor, Dr. A. Anthony Antosh, started December 1, 2019.

The consent decree stipulates that the monitor will be paid no more than \$300,000 for his oversight and compliance activities. This was originally budgeted in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' budget but was transferred to the Executive Office's budget when it assumed responsibility for oversight and reporting requirements of the Consent Decree. The Executive Office increased funding to \$450,000 for the court monitor explaining that there were expenses related to oversight of the Interim Settlement Agreement that were not funded.

The monitor is responsible for approving the training component of the consent decree related to career development and transition plans and will also approve outreach and education programs. The monitor conducts investigations and verifies data and documentation that is necessary to determine if the state is in compliance with the consent decree. The first compliance report was submitted on April 1, 2014 and is required each quarter after that.

There was another cost of \$100,000 added in the FY 2019 enacted budget for a consent decree coordinator to support the court monitor by gathering information needed for the quarterly submissions to the District Court. The FY 2021 enacted budget includes this amount.

The consent decree also stipulates that by October 1, 2014, the state will establish and begin distributing funds from an \$800,000 Workshop Conversion Trust Fund, which will be administered by the Paul V. Sherlock Center on Disabilities at Rhode Island College. The fund will support start-up costs for providers who convert services to supported employment and will be administered by the director of the Department of Human Services and the associate director of the Office of Rehabilitation Services. There were nine agencies that took part in this opportunity.

The state also had to create an employment first task force no later than May 1, 2014 that includes but is not limited to: the Community Provider Network of Rhode Island, the Paul V. Sherlock Center on Disabilities at Rhode Island College, the Rhode Island Disability Law Center, the Rhode Island Developmental Disabilities Council, the Rhode Island Parent Information Network, individuals with intellectual and developmental disabilities and parent and family representatives.

The state must ensure available funding for services and reallocate resources expended on the sheltered workshop plans and segregated day programs to fund supported employment and/or integrated day services as individuals transition to supported employment and/or integrated day only placements, in order to have funding "follow the person."

Monthly Report

The 2016 Assembly expanded the information required in the monthly report being submitted by the Department to include any reports that have been submitted to the federal court related to the consent decree along with the number of unduplicated individuals employed, the place of employment and the number of hours working. The Department must also report transitions to and from 24-hour residential placements, collection of patient liability, approvals and funding for services above the resource allocation levels.

The Department had not submitted the information for the consent decree for the court filings since October 2018 and this occurred despite repeated requests from House Fiscal Staff. The missing information was recently forwarded by the law firm which represents the state in this matter.

Coronavirus Impact

The public health emergency has limited the ability of the agencies to provide community based services to individuals outside of their residences. Individuals living either in a 24-hour group home, shared living, an apartment or home with family have stayed home. This meant that the providers could not be reimbursed for day activities. The state took several actions to address the effect on providers. For FY 2020, the Department provided a temporary ten percent rate increase in April, May and June of FY 2020 totaling \$3.0 million, and provided retainer payments totaling \$15.6 million.

The FY 2021 enacted budget includes \$3.0 million from Coronavirus Relief funds for one-time payments to 40 agencies to be passed through to direct support staff who make less than \$20 an hour. This includes a one-time payment of \$1,200 for staff working 30 hours or more hours. For staff working between 15 and 21 hours, the payment is \$540 and \$750 between 22 and 29 hours a week.

In late December, the administration provided another \$10.0 million from Coronavirus Relief funds for the community based providers to supplement the state's effort in responding to the public health emergency and addressing any business interruptions, including loss of revenue. The funds can be used for payroll, rent or mortgage payments, equipment, personal protective equipment, cleaning supplies and other operating expenses. Since the funds were made available after passage of the FY 2021 budget, the budget does not include them.

Human Services

The Executive Office of Health and Human Services is the umbrella agency for the four health and human service departments and each agency is analyzed separately in the *House Fiscal Advisory Staff Budget as Enacted FY 2021*. The following table shows the services provided by population and the department that is responsible for the expenses.

Programs	EOHHS	DHS	BHDDH	DCYF	DOH
Medical Benefits					
Children and parents	X				
Elderly	X	X			
Disabled and adults, without dependent children	X				
Residential and Other Services					
Nursing and hospice services	X				
Assisted living/home & community based services - elderly	X	X			
Foster care and group home placements				X	
Community based services - developmentally disabled			X		
Mental health and substance abuse treatment services			X		
HIV surveillance and treatment services	X				X

Mergers and Consolidations

Introduction

Merger and consolidation proposals have appeared regularly in budgets. The FY 1991 budget presented to the 1990 General Assembly listed 72 state agencies and departments. The Governor's FY 2021 recommendation of 38 state agencies and departments includes several administrative transfers, conversions, and revisions to some of the changes enacted by the 2019 Assembly. The FY 2021 Budget adopted by the 2020 General Assembly maintains 38 agencies, and the Assembly's actions on the Governor's proposals are noted below and followed by 10 years of historical information on such proposals. Prior publications have included information back to 1991 and that can still be accessed in online publications.

FY 2021

RICLAS Transfer to Private Providers. The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals operates a state-run residential system with the capacity to provide services to 140 adults with developmental disabilities. There are approximately 120 individuals receiving services in FY 2020 who are in 23 group homes and two apartments. The Governor recommended that these operations be transferred to the private agencies that provide residential and community based day and employment services to about 3,800 individuals, as well as day services to 60 individuals in the state-run system. The Governor's FY 2021 recommendation lowers the Department's staffing authorization by 204.0 full-time equivalent positions to account for this change. The Assembly did not concur with the proposal.

State Housing Policy and Planning Restructuring. The Governor's budget eliminates the 28-member Housing Resources Commission and its related four member coordinating committee. Under current law, the Housing Resources Commission is the lead entity for housing policy and planning and coordinates responsibilities with Rhode Island Housing through a memorandum of agreement. In place of the Housing Resources Commission, the recommendation establishes a seven-member coordinating council similar to the existing coordinating committee, and elevates the council to be the state's lead housing entity. The council would be permitted to assume control of Rhode Island Housing staff by memorandum of agreement. The proposal would have renamed the Office of Housing and Community Development as a Division, and included a 19-member steering committee with similar membership to the existing commission to advise the council, but did not specifically enumerate entities for inclusion. The Assembly did not concur with the proposal.

History

FY 2020

Employer Tax Division. The Governor recommended transferring the responsibilities of the collection of taxes for temporary disability insurance, employment security, and the job development fund from the Department of Revenue to the Department of Labor and Training. This included the 37.0 full-time equivalent positions associated with these employer tax collection duties from the Department of Revenue to the Department of Labor and Training. The Assembly did not concur with this proposal.

Office of Veterans' Affairs. The Governor proposed to transfer the Office of Veterans' Affairs and its staff from the Department of Human Services to the Executive Office of Health and Human Services. This included 252.1 positions. She requested an amendment to rescind her recommendation and rename it the Office of Veterans Services. The Assembly concurred and included a separate staffing authorization.

Division of Elderly Affairs. The Governor proposed to transfer the Division of Elderly Affairs and its staffing level of 31.0 positions to the Executive Office of Health and Human Services creating an Office of

Elder Affairs. She subsequently requested an amendment to rescind the proposal and rename it the Office of Healthy Aging. The Assembly concurred and included a separate staffing authorization.

Water Resources Board. The Governor proposed to transfer the Water Resources Board and its staff to the Public Utilities Commission. Operating costs for the Water Resources Board would be charged to regulated utilities. The legislation designated the Department of Administration as the agency that will be responsible for the Big River Management area, which must be maintained for future development of groundwater wells. Prior to 2011, the Water Resources Board was a stand-alone agency. The 2011 Assembly adopted legislation merging the Board into the Division of Planning to more closely align the water planning aspects of the Board with the statewide planning process. The Assembly did not concur and maintained the Water Resources Board in the Department of Administration.

Child Care Facilities Licensing. The Governor's budget transferred the Child Care Facilities Licensing unit to the Department of Human Services. It added 8.0 new full-time equivalent positions for the Department of Human Services and 1.0 new legal position for the Executive Office of Health and Human Services. Current staff doing this work at the Department of Children, Youth and Families would be reassigned within the Department. The Department of Human Services would now be responsible for licensing; the shift would centralize transactions with child care providers. The Assembly concurred but reduced staffing authorization for the Department of Children, Youth and Families by 8.0.

Office of Grants Management. The Governor proposed to transfer functions of federal grants management from the Office of Management and Budget to Accounts and Control. The 2012 Assembly adopted Governor Chafee's recommendation to establish the Office of Management and Budget within the Department of Administration to serve as the principal agency of the executive branch for managing budgetary functions, performance management, and federal grants management. The Assembly concurred.

Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The Governor's FY 2020 through FY 2024 capital plan shifted funding and project oversight for capital projects related to the Eleanor Slater hospital system at both the Cranston and Burrillville campuses, and Barry and Simpson administrative halls to the Department of Administration's Division of Capital Asset Management and Maintenance. In addition, she transferred those functions for community facilities for those with developmental disabilities and behavioral health issues as well. She requested an amendment to transfer the substance abuse asset protection project to the Department of Administration. The Assembly concurred.

Small Business Ombudsman. The Governor proposed to transfer the staffing authorization for the Small Business Ombudsman from the Office of Regulatory Reform within the Department of Administration to the Department of Business Regulation in accordance with a proposed streamline and simplify initiative. It should be noted that the enacted budget assumed a cost allocation for the position paid from the Commerce Corporation's resources; the recommendation does not alter that assumption. The Governor proposed a similar initiative in FY 2018; the Assembly did not concur. The Assembly did not concur with the streamline and simplify initiative; however, it did transfer the position, and shifted the funding for the position from the Commerce Corporation to the Department of Business Regulation.

State Building Office. The Governor's recommended budget included a proposal for an efficiency commission tasked with identifying \$10.0 million of general revenue savings. Subsequently, the Governor requested an amendment which proposed consolidating the Contractors' Registration and Licensing Board and State Building Code Commission of the Division of Building, Design and Fire Professionals into a new State Building Office, as of January 1, 2020 for savings of \$0.1 million. The Assembly concurred.

Office of Postsecondary Commissioner - Department of Elementary and Secondary Education Co-locate. The Budget removed \$1.0 million from general revenues from the Office of Postsecondary Commissioner based on a proposal from the Efficiency Commission and recommended by the Governor to

co-locate the Office and the Department of Elementary and Secondary Education with the goal to encourage shared administrative support and allow for closer collaboration. The Office would still do planning support for the Council on Postsecondary Education and focus on strategy and policy. The Department of Elementary and Secondary Education would provide the administrative support for the Councils and also provide legal, finance and support functions. Savings are based on the funding for several positions being eliminated from sharing administrative support and the Budget reduced only the Office's staffing authorization by 6.0 full-time equivalent positions.

FY 2019

Water Resources Board. The Governor proposed transferring the Water Resources Board and its staff to the Public Utilities Commission. Operating costs for the Water Resources Board would be charged to regulated water suppliers. The legislation designated the Department of Administration as the agency that will be responsible for the Big River Management area, which must be maintained for future development of groundwater wells. Additional statutory changes were required; however, the legislation called for those changes to be submitted to the 2019 Assembly. A Memorandum of Understanding, signed on October 20, 2017, between the Department of Administration and the Public Utilities Commission was used to allow the transfer for FY 2018.

Prior to 2011, the Water Resources Board was a stand-alone agency. The 2011 Assembly adopted legislation merging the Board into the Division of Planning to more closely align the water planning aspects of the Board with the statewide planning process. The Assembly did not concur and maintained the Water Resources Board in the Department of Administration.

Building, Design and Fire Professionals. The Assembly concurred with the Governor's proposal to consolidate professions relating to building and construction design, inspection, and enforcement of building and fire codes. The Budget reflected the transfer of several programs, funding and staffing of 59.0 full-time equivalent positions to the Department of Business Regulation. These include the State Fire Marshal from the Department of Public Safety, the Building Code Commission, Contractors' Registration and Licensing Board, and the Fire Code Safety Board of Appeal and Review from the Department of Administration.

A Memorandum of Understanding between the Department of Administration and the Department of Public Safety, was signed on January 12, 2018 to allow the transfer for FY 2018.

Health Professional Licensing to Business Regulation. The Governor proposed transferring the licensure of several professionals from the Department of Health to the Department of Business Regulation. These include: barbers, cosmeticians, manicurists and estheticians; electrolysis; funeral directors and embalmers; opticians; speech pathologists and audiologists; hearing aid dealers; athletic trainers; interpreters for the deaf; and music therapists. The budget also assumed the transfer of \$0.2 million from general revenues and two positions for the administration of licensing functions from the Department of Health to the Department of Business Regulation. The Assembly did not concur with any of the proposed transfers.

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, these costs were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services will reimburse the internal service funds for the costs. The Governor's budget transferred \$48.3 million from the Department of Administration to state agencies and the Assembly concurred.

Consolidation of Medical Marijuana Oversight at Business Regulation. The Governor proposed expanding the regulatory role of the Department of Business Regulation, including centralizing the registration and regulation of authorized purchasers, compassion center cardholders, primary caregivers, issuance or renewal of registry identification cards, and eliminating the role of the Department of Health to define the equivalent amounts of medical marijuana. The program is staffed by 5.9 full-time equivalent positions in the Department of Health; the Department of Business Regulation had 4.0 full-time equivalent positions, but the Governor's budget proposed to add 4.0 more positions in FY 2019. The Assembly did not concur with this proposal.

FY 2018

Public Safety Consolidation. The Governor proposed legislation to replace the director of the Department of Public Safety with a civilian commissioner, who will be appointed by the Governor with the advice and consent of the Senate. Under current law, the Department of Public Safety is administered by a director who also serves as Superintendent of the State Police. The Governor also proposed to merge the Emergency Management Agency and establish it as the seventh division within the Department of Public Safety. The director of the Emergency Management Agency would be appointed by the Governor; however, the Commissioner may prescribe other duties and responsibilities. The Assembly did not concur.

Lead Poisoning Prevention. The Governor proposed legislation to repeal the Lead Hazard Mitigation Act and amend the Lead Poisoning Prevention legislation to centralize lead poisoning prevention activities, which are currently performed by the Department of Health and the Rhode Island Housing Resources Commission, under the purview of the Department of Health. The proposal would have allowed the Department to oversee interagency coordination activities and it would have been responsible for adopting rules and regulations to certify lead safe compliance for all residential units and permitting lead inspectors. The Department would also be required to maintain a registry of lead safe certificates.

The Governor proposed legislation to amend the disposition of the real estate conveyance tax to transfer five cents of the current 30 cents that the Housing Resources Commission receives to the Department of Health for lead poisoning prevention activities. The recommended budget included \$0.6 million from these resources for the Department of Health to fund 3.0 additional positions, including two lead inspectors and one data manager as well as operating costs. She subsequently requested an amendment to require an annual transfer of not less than \$590,000 from the Real Estate Conveyance Tax. The Assembly did not concur and maintained current law.

Health Care Utilization Review Transfer. Previously, the Department of Health certified health plan and utilization review entities, monitored obligations of health plan provider contracts, investigated and tracked complaints against health plan and utilization reviews by enrollees. The Office of the Health Insurance Commissioner reviews denial of benefits and accuracy of claims processing and is also responsible for the adequacy of network coverage in terms of access to and availability of providers and the continuity of care available to consumers.

The Governor proposed to transfer the oversight of the health care utilization review from the Department of Health to the Office of the Health Insurance Commissioner. The Budget also reflected the transfer of funding and staffing of 2.0 full-time equivalent positions. The Assembly concurred.

Health and Human Services - Finance Staff. The Governor transferred 91.0 finance positions to the Executive Office of Health and Human Services from agencies under its umbrella in her FY 2018 recommendation; this is consistent with current law. The transfer includes: 39.0 positions from the Department of Human Services, 33.0 positions from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, 12.0 positions from the Department of Children, Youth and Families, and 7.0 positions from the Department of Health. Funding would remain with the individual

agencies. Functions include finance administration, billing and data entry. This increased the level of 17.0 finance positions in the Executive Office to 108.0 positions. The Assembly concurred.

Eleanor Slater Hospital Reorganization. The Governor's FY 2018 recommendation assumed savings of \$12.2 million, \$5.7 million from general revenues from reorganizing the state hospital. This included transferring youth currently at the 54-bed Youth Assessment Center to the Youth Detention Center and moving the adult forensic population at the Pinel Building into the newly vacated space. It included privatizing laboratory services, closing one intermediate care facility, downsizing medical services and administrative staff and closing one of the two remaining intermediate care facilities. The plan also included transferring medical patients to the Zambarano campus in Burrillville and converting recently vacated space into a step-down unit to increase capacity for psychiatric patients. The Assembly included savings of \$11.2 million, \$5.2 million from general revenues. It did not concur with privatizing laboratory services.

Eisenhower House. The Assembly concurred with the Governor's proposal to transfer the management of the Eisenhower House, a historic state-owned property in Newport, from the Historical Preservation and Heritage Commission to the Department of Environmental Management. The Budget included \$188,150 from all funds for staff and operations of the facility. This includes \$50,000 from general revenues and \$138,150 from new restricted receipts, which would be derived from booking fees of the facility. FY 2016 expenditures for the facility were \$135,536.

FY 2017

Office of Diversity, Equity and Opportunity. Governor Raimondo's budget proposed legislation to establish the Office of Diversity, Equity and Opportunity in statute; the Office was operating under an executive order. The legislation placed the State Equal Opportunity Office under the administrative supervision of the Office of Diversity, Equity and Opportunity instead of the Division of Human Resources, and required the Office of Personnel Administration to consult with the Office in preparing a comprehensive plan to maintain and secure equal opportunity. The legislation added the associate director of the Office as a member of the Labor Relations Committee. The Assembly concurred.

Division of Enterprise Technology Strategy and Services. Governor Raimondo proposed legislation to replace the current Division of Information Technology, which was created by an executive order with the Division of Enterprise Technology Strategy and Services to be managed by the chief of digital excellence. The legislation amends current law to establish the Office of Library and Information Services within the Division and places the chief of library services under the supervision of the chief of digital excellence. The Division would also consist of the following offices: Information Technology and Digital Excellence. The Assembly concurred.

Division of Capital Asset Management and Maintenance. Governor Raimondo proposed legislation to create the Division of Capital Asset Management and Maintenance, which would assume the responsibilities of the current divisions of Facilities Management and Capital Projects and Property Management. Both divisions were created by an executive order in 2004. The legislation allows the Director of the Department of Administration to appoint a director of the division. Some of the responsibilities of the division director include: reviewing agency capital budget requests to ensure that requests are consistent with strategic and master facility plans of the state; managing and maintaining state owned facilities; overseeing new construction and rehabilitation projects; maintaining an inventory of all state properties; and responding to facilities emergencies. The Assembly concurred.

Office of Internal Audit. Governor Raimondo proposed legislation to repeal the Bureau of Audits and establish the Office of Internal Audit within the Office of Management and Budget. The Office would be managed by a chief of internal audit, who must be appointed by the Director of the Department of

Administration. The Office is authorized to conduct audits of any state department, agency or private entity that is a recipient of state funding or state grants. The Office is also tasked with evaluating the efficiency of operations and internal controls, preventing and detecting fraud, waste, abuse or mismanagement of funds.

The Budget reflected the consolidation of internal auditing functions and staff from the Departments of Transportation and Human Services, the Office of Postsecondary Commissioner and the University of Rhode Island are transferred to the Office. The Assembly concurred.

Women, Infants, and Children Nutrition Program. Governor Raimondo proposed legislation to transfer the administration and management of the Women, Infants, and Children nutrition program from the Department of Human Services to the Department of Health. The Department of Health previously managed the program; however, the 2009 Assembly adopted legislation to transfer the program to the Department of Human Services. This was to consolidate management and nutrition benefits. There have been issues with the United States Department of Agriculture regarding the designation of the administering state agency. The Assembly concurred.

Department of Health. Governor Raimondo's budget reflected a reorganization of functions within the Department of Health. Certain programs such as the Health Laboratories and the Office of State Medical Examiners were merged. It reflected the creation of the Division of Customer Services and includes the operations of Vital Records, which was previously under the Public Health Information program, and the operations of Licensing, Professional Boards and Commissions and the Center for Health Facilities Regulation, previously under the Environmental and Health Services Regulation program. The Assembly concurred.

Governor's Commission on Disabilities. Subsequent to her budget submission, Governor Raimondo requested legislation to designate the Governor's Commission on Disabilities as the state agency responsible to apply for and receive federal funds under the Workforce Innovation and Opportunity Act for the State Independent Living Plan, effective October 1, 2016. She also requested an amendment to transfer funding from the Department of Human Services to the Commission. The Assembly concurred.

Office of Veterans' Affairs. Governor Raimondo included legislation to create the Office of Veterans' Affairs within the executive branch, reporting directly to the Governor. This removed it as a Division in the Department of Human Services; however, for administrative purposes, funding for the Office of Veterans' Affairs will remain in the Department of Human Services' budget. The Assembly concurred.

FY 2016

Higher Education Assistance Authority Merger. Governor Raimondo's budget transferred all of the powers, duties, authority and resources of the Rhode Island Higher Education Assistance Authority to the Council for Postsecondary Education and the Office of the General Treasurer and established a new Division of Higher Education Assistance in the Office of Postsecondary Commissioner. The budget reflected the transfer of \$19.1 million and 15.0 full-time equivalent positions to the Office of Postsecondary Commissioner. Administrative responsibility for the state's tuition savings program would be transferred to the Office of the General Treasurer. The recommendation represented direct program positions as well as overhead support. Remaining direct functions will require fewer staff with the efficiencies provided for in a merger; therefore, the Assembly eliminated 5.0 positions and \$0.8 million. One position and \$0.3 million was shifted to the Office of the General Treasurer to administer the *CollegeBoundfund*.

Executive Office of Commerce. The 2013 Assembly created the Executive Office of Commerce to be administered by a secretary of commerce, effective February 1, 2015. The Office oversees and serves as the lead agency of the Executive Branch for managing the promotion of commerce and the state's economy.

Pursuant to 2013-H 6063, Substitute B, on or about February 1, 2015, the Executive Office of Commerce has powers to operate functions from the Department of Business Regulation and, subsequently, various functions from the Department of Administration. Consistent with the legislation, Governor Raimondo's budget included the transfer of Housing and Community Development functions to the Executive Office of Commerce. It also transferred the Film and Television Office from the Department of Administration to Commerce. It did not, however, transition Department of Business Regulation functions, leaving it as a stand-alone department. The Assembly concurred, with the exception of transferring the Film and Television Office to the Arts Council.

Capital Projects Consolidation. Governor Raimondo's budget proposed consolidating construction property and asset management functions into the Department of Administration. It appeared that the positions were kept in their respective agencies, including the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, Environmental Management, Corrections, and Transportation. The Assembly concurred; however, transferred funding back for the Department of Environmental Management, consistent with the Governor's requested budget amendment.

Division of Advocacy. Governor Raimondo's budget proposed consolidating the Governor's Commission on Disabilities, the Commission on the Deaf and Hard of Hearing, the Office of the Child Advocate, and the Office of the Mental Health Advocate under a newly created Division of Advocacy within the Executive Office of Health and Human Services. The consolidation was for administrative and budget purposes only, and all agencies would maintain their responsibilities as mandated by current law. The Governor subsequently requested an amendment that rescinded the proposed legislation, maintained the offices as separate agencies, and restored operating savings assumed to be achieved through the merger. The Assembly concurred.

Non-Prescribing Boards Consolidation. Governor Raimondo proposed consolidating all of the non-prescribing health professional boards into one board. There are 25 professional boards that include a variety of professions, such as dietitians, physical therapists, occupational therapists, optometrists, social workers and funeral home directors. The Department of Health approves all written and practical examinations, and issues licenses and permits for these professions. The proposed legislation would create a single board of review for appeals, discipline and advisory functions. This would have allowed for the elimination of 2.0 positions that support the boards and \$0.2 million from general revenues. The Assembly did not concur.

RI Film and Television Office. The Budget transferred the Rhode Island Film and Television Office, including \$0.3 million from general revenues and 2.6 full-time equivalent positions, from the Department of Administration to the Rhode Island State Council on the Arts. The Film and Television Office works with filmmakers to identify filming sites, vendors, and promote the benefits of working in Rhode Island. Governor Raimondo's FY 2016 recommendation transferred the Office to the Executive Office of Commerce. The Office was transferred to the Department of Administration from the Council as part of the FY 2013 budget.

Bays, Rivers and Watersheds Coordination Team. The Assembly concurred with Governor Raimondo's proposal to abolish the Bays, Rivers and Watersheds Coordination Team, which was responsible for the coordination of the environmental agencies in the state to restore and develop both freshwater and marine waters and watersheds. The work is funded by an \$80,000 transatlantic cable fee, a \$1 per hundred gallons charge on septage disposal in the state, and a \$250,000 annual allocation from the Oil Spill, Prevention, Administration and Response Fund. The restricted receipts would be utilized by the Department of Environmental Management for efforts relating to watershed and marine monitoring, water pollution abatement, and climate change.

FY 2015

Office of Diversity, Equity and Opportunity. The Budget reflected the creation of the Office of Diversity, Equity and Opportunity within the Department of Administration. Existing staff of 7.0 full-time equivalent positions and funding would be transferred from the Division of Purchasing's Minority Business Enterprise Office and the Division of Human Resources' Outreach and Diversity Office.

In May 2013, Governor Chafee issued Executive Order 13-05 entitled "Promotion of Diversity, Equal Opportunity and Minority Business Enterprises in Rhode Island." The Executive Order required that the Department of Administration review all divisions and offices within the Department that are charged with facilitating equal opportunity employment and make recommendations to improve collaboration between these offices. The creation of the Office of Diversity, Equity and Opportunity reflected the Department of Administration's recommendation.

Rhode Island Emergency Management Agency. The Budget reflected the Emergency Management Agency and the National Guard as two stand-alone agencies. They were two distinct programs in the Military Staff under the control of the Adjutant General. This action was recommended to reflect the individual agency missions as well as their operational structures. There were no major changes to funding levels or positions.

Executive Office of Commerce. Governor Chafee's budget proposed to delay the creation of the Executive Office of Commerce and the transfer of the functions of the Department of Business Regulation from February 1, 2015 to July 1, 2015. The Assembly did not concur with the delay.

The Governor also proposed maintaining the Office of Regulatory Reform in the Office of Management and Budget instead of transferring it to the new Executive Office of Commerce. The Assembly concurred.

Department of Environmental Management Customer Service Unit. The Budget created in statute a customer service unit within the Department of Environmental Management. The Department already included an Office of Customer and Technical Assistance, but the legislation codified a requirement that the agency have a customer service unit and program to provide technical assistance to customers and help them to comply with environmental regulations and requirements. This section also mandated that the Department and the Office of Regulatory Reform collaborate on a report detailing an alternative compliance approaches plan, which would be due to the General Assembly and the Governor by May 1, 2015.

Higher Education Assistance Authority. The Budget included legislation that requires the administration to include a plan for allocating Higher Education Assistance Authority programs to other agencies as part of the FY 2016 budget.

Behavioral Healthcare Services to EOHHS. The Budget transferred Medicaid-funded behavioral healthcare services from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to the Executive Office of Health and Human Services so that mental health and substance abuse treatment services for disabled individuals would be appropriated to one agency and included \$60.8 million, of which \$30.1 million was from general revenues.

FY 2014

EDC/Commerce Corporation. The Budget delayed the creation of the Executive Office of Commerce and the transfer of the functions of the Department of Business Regulation from February 1, 2015 to July 1, 2015. It maintained the Office of Regulatory Reform in the Office of Management and Budget instead of transferring it to the new Executive Office of Commerce. As contained in 2013-H 6063, Substitute B, on or about February 1, 2015, the Office is empowered to assume functions from the Department of

Business Regulation and, subsequently, various functions from the Department of Administration. The legislation further required that the Office submit a comprehensive review of the roles, functions and programs of the Department of Administration and the Department of Labor and Training to the House of Representatives and the Senate before September 1, 2015. Additionally, the Office shall make recommendations and a business plan for the integration of these entities with the Office, and the Governor may include these recommendations as part of the FY 2017 budget.

Renewable Energy Fund Program Transfer. Governor Chafee's budget transferred the Renewable Energy Fund from the Economic Development Corporation to the Office of Energy Resources. The Office previously managed the fund and the 2007 Assembly enacted legislation to transfer the fund to the Corporation, effective FY 2008. The Governor's recommended budget included expenditures of \$2.5 million and staffing of 2.0 positions from the Corporation. The Assembly did not concur and maintained the program in the Corporation.

Office of Regulatory Reform. Subsequent to the enactment of the FY 2013 budget, the Assembly adopted legislation contained in Chapter 445 of the 2012 Public Laws to transfer the Office of Regulatory Reform from the Economic Development Corporation to the Office of Management and Budget in the Department of Administration. Governor Chafee's revised budget reflects this transfer as well as the 2.0 positions that support the Office. The Office was created in 2010 to improve the state's business climate by making it easier for businesses to navigate through state and local permitting and regulatory issues. The Assembly adopted legislation in 2013-H 6063, Substitute B, requiring that the Office of Regulatory Reform to report to the Secretary of Commerce within the Executive Office of Commerce, effective February 1, 2015.

Rhode Island Health Benefits Exchange. The Budgets reflected the transfer of the Rhode Island Health Benefits Exchange from the Office of the Governor to the Department of Administration. In September 2011, Governor Chafee issued an executive order to establish the Office as the centrally accountable office for operational and financial implementation, including policy development.

Construction Permitting, Approvals and Licensing. The Budget reflected the creation of a new program in the Department of Administration: Construction Permitting, Approvals and Licensing, consisting of the State Building Code Commission, Contractors' Registration Board, and Fire Code Board of Appeal. Staffing and funding were transferred from Capital Projects and Property Management. The Department indicated that the program change was necessary to avert the appearance of a conflict of interest between the Office of Capital Projects and the aforementioned offices.

Rhode Island Public Telecommunications Authority. The Budget included the statutory authority to end state support to the Authority as of July 1, 2013 and abolish it as a public agency, as the Authority has been transferred to the Rhode Island PBS Foundation.

Assisted Living and Home Care Waiver Services. The Budget shifted assisted living and home care waiver services in the Division of Elderly Affairs within the Department of Human Services to the Executive Office of Health and Human Services for FY 2014, consistent with Governor Chafee's requested amendment, in order to locate all Medicaid assisted living and home care expenditures in the Executive Office's budget.

FY 2013

Energy Program Transfers. Governor Chafee included the transfer of the Low Income Home Energy Assistance Program and the Weatherization Assistance Program from the Office of Energy Resources to the Department of Human Services consistent with current law. He also proposed the transfer of the Regional Greenhouse Gas Initiative from the Department of Environmental Management, and the Renewable Energy Program from the Economic Development Corporation to the Office of Energy

Resources. The Assembly concurred, with the exception of the Renewable Energy Program transfer, which it retained at the Economic Development Corporation.

Office of Management and Budget. The Assembly adopted legislation to create a new Office of Management and Budget to assume the functions of the State Budget Office and the responsibilities of the Office of Economic Recovery and Reinvestment. It included a Federal Grants Management Office to coordinate federal grant applications. The legislation also required the Office to perform a study on transportation programs to be submitted to the Governor and the General Assembly by November 1, 2012. The Budget included 11.0 new positions, including a director to be appointed by the Director of the Department of Administration. Governor Chafee's original proposal called for eliminating the Bureau of Audits, allowing the new Office to absorb some of those functions. The Assembly retained the Bureau of Audits as is.

Human Resources Restructure. Governor Chafee's FY 2013 budget recommendation included savings of \$0.8 million from the elimination of 12.0 positions in the Division of Human Resources. This consisted of 2.0 positions from the Employee Services Unit and 10.0 positions in the Classification and Examination Unit, about half of the current staff. The Governor's FY 2012 revised budget included \$0.3 million for a personnel study of the merit system to be accomplished in the current year to make the proposed reductions possible. The Assembly restored \$0.4 million of the general revenue savings and shifted funding for the personnel study from FY 2012 to FY 2013 to reflect a delay in the work proposed.

RI Film and Television Office. The Assembly transferred the Film and Television Office from the Arts Council to the Department of Administration. It provided general revenue funding of \$0.3 million and 2.6 full-time positions, consistent with Governor Chafee's recommendation.

Office of Digital Excellence. The Assembly adopted legislation to create the Office of Digital Excellence within the Department of Administration. It authorized a chief digital officer, who must be appointed by the Director of the Department of Administration, with approval from the Governor. The Office shall coordinate its efforts with the Division of Information Technology. The legislation required the chief digital officer to report to the Governor, the Speaker of the House of Representatives, and the Senate President, every January 31, the status of all technology infrastructure projects, website improvements, number of e-government transactions and revenues generated and projects supported by the Information Technology Investment Fund.

Rhode Island Health Benefits Exchange. The Budget reflected the Rhode Island Health Benefits Exchange in the Office of the Governor. In September 2011, Governor Chafee issued an executive order to establish the Office as the centrally accountable office for operational and financial implementation, including policy development. The Exchange would report to the Board of the Rhode Island Health Benefits Exchange and work with the Department of Health, the Office of the Health Insurance Commissioner and the Office of the Lieutenant Governor. The Budget included 6.0 positions, including a director to oversee the Exchange.

Medicaid Benefits Program. Governor Chafee's budget transferred the Medicaid medical benefits program from the Department of Human Services to the Executive Office of Health and Human Services. The administrative staff was transferred in FY 2012 and the eligibility application process will remain with the Department of Human Services since applicants are often eligible for other benefits in addition to Medicaid, such as the supplemental nutrition assistance program, the Rhode Island Works program and child care through that department. The Assembly concurred.

HIV Care and Treatment Program. Governor Chafee requested an amendment to transfer the HIV care and treatment program from the Department of Human Services to the Executive Office of Health and

Human Services, effective July 1, 2012 consistent with his proposal for the medical benefits program. The Assembly concurred and transferred 5.0 positions.

Higher Education Assistance Authority Merger. Governor Chafee's budget included the transfer of \$27.8 million and 39.6 out of the authorized 41.6 full-time positions from the Rhode Island Higher Education Assistance Authority to the Office of Higher Education. He proposed legislation that would terminate the Authority and its corporate existence on September 1, 2012 and all of its rights, obligations and properties would be transferred to the Board of Governors for Higher Education. The Assembly did not concur with the proposed merger and provided \$27.7 million and 38.6 positions, maintaining the Higher Education Assistance Authority as a stand-alone agency.

Board of Education. The Assembly enacted legislation to abolish the Board of Governors for Higher Education and the Board of Regents, effective January 1, 2013, and create a new Rhode Island Board of Education. It also abolished the Office of Higher Education, effective January 1, 2014, and created an executive committee of education comprised of the three institutions of public higher education, and the commissioners of higher education and elementary and secondary education.

Rhode Island Public Telecommunications Authority. The Budget included legislation to require the Administration to submit a plan to the Chairpersons of the House and Senate Finance Committees by November 1, 2012 to transition the Rhode Island Public Telecommunications Authority from the state to a privately supported entity by July 1, 2013. The Administration also must include any statutory changes required for the transition as part of the FY 2014 budget.

Dispatch Unit and Port Security. The Budget did not include the transfer of the dispatch and port security surveillance units from the Department of Environmental Management to the Department of Public Safety. The 2012 Assembly enacted legislation to reverse its prior mandate for the transfer.

Program Review. Governor Chafee's budget recommended a review of environmental and coastal programs in the Department of Environmental Management and the Coastal Resources Management Council to be conducted by a new Office of Management and Budget, which would be charged with developing a plan that includes strategies to reorganize or centralize environmental and coastal resource management programs in order to improve efficiencies. A report detailing this plan would be due to the General Assembly and the Governor by November 1, 2012. The Assembly did not concur and instead required that the new Office of Management and Budget perform a study on transportation programs.

FY 2012

State Aid Transfer. Governor Chafee's budget transferred some of the appropriations for the State Aid program from the Department of Administration to the Department of Revenue. These include the distressed communities' relief fund, motor vehicles excise tax, payment in lieu of taxes program, and the newly proposed Municipal, Accountability, Stability and Transparency Fund. State aid for library operations and library construction remain in the Department of Administration. The Assembly concurred.

Sheriffs to Department of Public Safety. Governor Chafee recommended the transfer of \$16.7 million and 180.0 full-time positions for the Sheriffs program from the Department of Administration to the Department of Public Safety. This proposal was initially included in the legislation the 2007 Assembly enacted to consolidate a number of public safety agencies into a single department. However, the 2008 Assembly included the Sheriffs within the Department of Administration. Governor Carcieri proposed this as part of his FY 2011 budget; however, the Assembly did not concur and maintained the Sheriffs in the Department of Administration. The Assembly concurred.

Office of the Health Insurance Commissioner. Governor Chafee recommended the creation of a new program within the Department of Business Regulation for the Office of the Health Insurance Commissioner. Previously, the Office was part of the Division of Insurance Regulation. The Assembly concurred.

Training School - Girls' Facility. Governor Chafee recommended the consolidation of the girls' training school into the existing boys' facility. The girls temporarily reside in the Mathias Building; however, the approved capital plan assumed renovating the Adolph Meyer building for this population. The Governor did not recommend the renovations and included a plan for the girls to move into one of the four residential pods in the Youth Development Center. The Department indicated that based on current population trends, three of the four residential pods are sufficient to house the male population. The Assembly concurred.

Elderly Affairs to Human Services. The Assembly merged the Department of Elderly Affairs with the Department of Human Services and created the Division of Elderly Affairs within the Department of Human Services.

Department of Veterans' Affairs. The Assembly maintained the Division of Veterans' Affairs within the Department of Human Services and created a new position, Director of Veterans' Affairs. The 2009 Assembly included legislation to create a Department of Veterans' Affairs and the 2010 Assembly delayed this by one year, from July 1, 2010 to July 1, 2011. Governor Chafee's FY 2012 budget recommendation included the creation of the Department of Veterans' Affairs.

HIV/AIDS. The Assembly shifted the HIV/AIDS direct services program and all resources, including 4.0 full-time positions, from the Department of Health to the Department of Human Services.

Women, Infants and Children Transfer. Governor Chafee recommended repeal of the statute transferring the Women, Infants and Children supplemental nutrition program from the Department of Health to the Department of Human Services. The Assembly did not concur and retained the program and all resources within the Department of Human Services. The United States Department of Agriculture informed the state that the Department of Human Services did not meet the standard established for state agencies that could administer the program.

The Assembly adopted legislation to transfer the Women, Infants, and Children program from the Department of Health initially to the Executive Office of Health and Human Services effective March 1, 2010, but then amended that to the Department of Human Services effective October 1, 2010 to coincide with the beginning of the new federal fiscal year.

Higher Education Administration. The Assembly included legislation that requires the Director of Administration to submit a revised plan for the organizational structure for higher education administration, staff support and resource allocation. The plan shall address the goal of improving affordability and accessibility to public higher education and maximizing efficiencies while providing sufficient support to the governance structure of public higher education. The Director of Administration is required to report findings, recommendations and alternative designs to the General Assembly no later than November 1, 2011.

Rhode Island State Crime Lab. Governor Chafee recommended shifting the general revenue funding for the Rhode Island State Crime Lab from the Department of Health to the University of Rhode Island. The Assembly concurred.

Dispatch Unit and Port Security. Governor Chafee's budget did not include the transfer of the dispatch and port security surveillance units from the Department of Environmental Management to the Department of Public Safety. He proposed legislation to reverse the 2010 Assembly action that required the transfer to

occur no later than January 1, 2011. The Assembly did not concur with the reversal, and instead delayed the transfer until January 1, 2012.

Water Resources Board. The Assembly enacted legislation to merge the State Water Resources Board into the Department of Administration's Division of Statewide Planning, effective July 1, 2011. The merger transfers three of the six positions from the Board to the Division, while maintaining the Water Resources Board Corporate.

Weatherization and Low Income Home Energy Assistance Programs. The Assembly adopted legislation to transfer the weatherization assistance and the low income home energy assistance programs from the Office of Energy Resources within the Department of Administration to the Department of Human Services, effective July 1, 2012.

Westerly Branch. The Assembly provided \$37,800 from general revenues for the operations of a registry of motor vehicles branch in the Town of Westerly.

FY 2011

Sheriffs to Department of Public Safety. Governor Carcieri recommended the transfer of \$16.5 million and 180.0 full-time positions for the Sheriffs program from the Department of Administration to the Department of Public Safety. This proposal was initially included in the legislation the 2007 Assembly enacted to consolidate a number of public safety agencies into a single department. However, the 2008 Assembly included the Sheriffs within the Department of Administration. The Assembly did not concur and maintained the Sheriffs in the Department of Administration.

Registry Branch Consolidation. Governor Carcieri recommended the closure of the Pawtucket branch and the Rhode Island Mall branch of the Registry of Motor Vehicles. The Division of Motor Vehicles was scheduled to move to its new headquarters in the Pastore Center in August 2010. The Rhode Island Mall branch was closed in March 2010. The Division indicated that the Rhode Island Mall branch would be too close to the Pastore Center and costly to retrofit. The Assembly concurred.

Public Utilities Commissioners. Governor Carcieri recommended statutory language as part of his FY 2010 revised budget to eliminate the scheduled addition of 2.0 members of the Public Utilities Commission. The Assembly concurred and included legislation in Article 7 of 2010-H 7397, Substitute A, as amended.

Commission on Women. Governor Carcieri recommended the discontinuation of paid support staff for the volunteer commission and eliminated general revenue funds. The Assembly concurred.

Women, Infants and Children Transfer. Governor Carcieri recommended the transfer of 12.0 full-time equivalent positions and \$19.8 million from federal funds for the Women, Infants and Children program from the Department of Health to the Department of Human Services, effective October 1, 2010. However, the 2009 Assembly enacted legislation to shift the responsibility of administering the program from the Department of Health to the Executive Office of Health and Human Services by March 1, 2010. The Assembly concurred with the transfer to the Department of Human Services effective October 1, 2010.

Rhode Island State Crime Lab. The 2009 Assembly transferred the budget for the State Crime Lab at the University of Rhode Island from the Office of the Attorney General to the Department of Health. The state crime laboratory is responsible for providing technical services, including examination and evaluation of physical evidence collected at the scene of a crime or related to a crime. The 2010 Assembly included legislation in Article 7 of 2010-H 7397, Substitute A, as amended, that requires the Director of the Department of Administration to develop and submit a report by December 1, 2010 that studies and

provides specific recommendations regarding the allocation of staffing, use of facilities, and identifies any additional needs for the continued operation of the Rhode Island State Crime Lab.

Department of Veterans' Affairs. Governor Carcieri's budget recommended a delay in the creation of a new Department of Veterans' Affairs within the Executive Office of Health and Human Services by one year, from July 1, 2010 to July 1, 2011. The 2009 Assembly passed 2009-H 5082, Substitute A, as amended and the Governor signed it into law on November 9, 2009, which created a separate Department of Veterans' Affairs, effective July 1, 2010. The Division of Veterans' Affairs is currently within the Department of Human Services. The Assembly concurred.

Higher Education Assistance Authority and Public Telecommunications. Governor Carcieri proposed legislation that requires the Board of Governors for Higher Education to develop and submit a report by October 1, 2010 that reviews and assesses the Higher Education Assistance Authority and the Rhode Island Public Telecommunications Authority to see if the stated missions and current programs reflect the needs of the populations intended to be served. The Assembly did not concur.

Dispatch Unit and Port Security. Governor Carcieri recommended the transfer of the dispatch and port security surveillance units from the Department of Environmental Management to the Department of Public Safety no later than January 1, 2011. However, the Governor's budget did not include the transfer of positions or funding for these activities. The Assembly concurred.

Transportation. Governor Carcieri proposed legislation to require the Director of the Department of Transportation to develop and submit a report by October 1, 2010 that studies the feasibility of transferring the Rhode Island Public Transit Authority to the Department of Transportation. The Assembly did not concur.

Explanations of Budget Articles

2020-H 7171, Substitute A

Article 1

Section 1. Appropriations. This section of Article 1 contains the appropriations for FY 2021.

Section 2. Line Item Appropriations. This section establishes that each line in Section 1 of Article 1 constitutes an appropriation.

Section 3. Transfer of Functions. This section authorizes the Governor to transfer appropriations and full-time equivalent position authorizations associated with transfers of functions.

Section 4. Contingency Fund. This section allows for expenditures from the contingency account located within the Office of the Governor's budget for unexpected expenditures or for those departments and agencies where appropriations are insufficient. The Governor must approve all expenditures and transfers from this account.

Section 5. Internal Service Funds. This section authorizes the establishment of limited and specific internal service accounts to implement the cases in which state agencies provide services to other state agencies, institutions and other governmental units on a cost reimbursement basis.

Section 6. Legislative Intent. This section authorizes the chairpersons of the finance committees of the two chambers to provide a "statement of legislative intent" for specifying the purpose of the appropriations contained in Section 1 of this article.

Section 7. Temporary Disability Insurance Funds. This section appropriates all funds required for benefit payments from the Temporary Disability Insurance Fund and the Temporary Disability Insurance Reserve Fund for FY 2021.

Section 8. Employment Security Funds. This section appropriates all funds required for benefit payments to unemployed individuals from the Employment Security Fund for FY 2021.

Section 9. Lottery. This section appropriates to the Lottery Division any funds required for the payment of prizes and commissions.

Section 10. Appropriation of CollegeBound Saver Funds. This section appropriates the funds received by the Office of the General Treasurer from the CollegeBound Saver program for transfer to the Office of Postsecondary Commissioner to support student financial aid for FY 2021. The Budget includes \$7.9 million from these sources for state grant programs.

Section 11. Full-Time Equivalent Positions. This section of Article 1 limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2021. In addition, this section provides that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee, may jointly adjust the authorization. Total staffing is 15,124.7 full-time equivalent positions, 50.0 positions more than the Governor's recommendation for FY 2021.

It also lowers the number of higher education positions supported by third-party funds from 788.8 positions to 523.8 positions, a 265.0 position reduction for the University of Rhode Island to remove auxiliary enterprise positions previously reported incorrectly as third-party.

Explanations of Budget Articles

Section 12. Multi-Year Appropriations. This section makes multi-year appropriations for a number of capital projects included in the FY 2022 through FY 2025 Capital Budget that are funded from Rhode Island Capital Plan funds. The FY 2021 and multi-year appropriations supersede appropriations made for capital projects in Section 12 of Article 1 of the FY 2020 Appropriations Act.

Section 13. Reappropriation - RICAP. This section provides that any unexpended and unencumbered funds for Rhode Island Capital Plan Fund projects shall be reappropriated in FY 2021. However, any such reappropriations are subject to final approval by the General Assembly as part of the supplemental appropriations act. Unexpended funds of less than \$500 can be reappropriated at the discretion of the State Budget Officer.

Section 14. Rhode Island Housing and Mortgage Finance Corporation. This section requires that the Rhode Island Housing and Mortgage Finance Corporation provide from its resources an appropriate amount to support the Neighborhood Opportunities Program. The Corporation is also required to provide to the director of the Department of Administration, the chair of the Housing Resources Commission and both chairs of the House and Senate Finance Committees a report detailing the amount of funding and information such as the number of housing units created.

Section 15. Escrow Conversions. This section authorizes the State Budget Officer to convert any escrow liability account to a restricted receipt account, upon the direction of the Controller with consent of the Auditor General for FY 2021 only.

Section 16. Opioid Restricted Receipts. This section authorizes the State Budget Officer to create restricted receipt accounts in any department or agency where expenditures from the Opioid Stewardship Fund are appropriated for FY 2021 only.

Section 17. Short Term Borrowing. This section allows the state to borrow a maximum of \$300.0 million during FY 2021 for cash flow purposes in anticipation of tax receipts. The note must be repaid by June 30, 2021. The section also extinguishes the authority granted by the Disaster Emergency Funding Board in March.

Section 18. Rainy Day Fund Repayment. Current law requires that repayment of funds transferred from the Budget Stabilization and Cash Reserve Account to the Rhode Island Capital Plan Fund be made the following fiscal year. This section allows that repayment to be delayed until FY 2022. Section 1 contains \$90.0 million of the \$120.0 million repayment leaving the remaining \$30.0 million to be made in FY 2022.

Section 19. URI West Independence Way Lease. This section provides Assembly authorization for the amendment of a lease between the Council on Postsecondary Education and the University of Rhode Island for 25 West Independence Way in Kingston. Four amendments to the original lease have been approved by the University and the Council to extend to the end of the lease in 2034. The amendments require the University to pay additional rent in the extension period not to exceed \$1.4 million as well as the proportionate share of building operating expenses.

Section 20. Northern Rhode Island Higher Education Center Lease. This section provides Assembly authorization for the Council on Postsecondary Education to enter into a lease for office space and operating space for the Northern Rhode Island Higher Education Center with S-95 Main Street Woonsocket, LLC at 95-117 Main Street in Woonsocket. The lease would not exceed 10 years and a total aggregate rent of \$2.2 million. Rental costs are expected to begin in FY 2022 at an estimated \$0.2 million. As part of the lease,

Explanations of Budget Articles

the landlord will be required to make improvements and is expected to have ten months to complete these renovations. Rental payments commence upon acceptance of the landlord's improvements.

Sections 21 through 33. Program Sunset Extensions. These sections extend the sunset provisions for the state's economic development initiatives from December 31, 2020 to June 30, 2021. The programs included are the Rebuild Rhode Island Tax Credit, Rhode Island Tax Increment Financing, Tax Stabilization Incentive, First Wave Closing Fund, I-195 Redevelopment Fund, Small Business Assistance Program, Stay Invested in RI Wavemaker Fellowship, Main Street Streetscape Improvement Fund, Innovation Initiative, Industry Cluster Grants, Air Service Development Fund, Rhode Island New Qualified Jobs, and the High School, College, and Employer Partnerships program, also known as P-Tech.

Section 34. Rhode Island Promise Scholarship. This section extends the sunset provision for the Rhode Island Promise Program to next year. Under current law, the high school graduating class of 2020 is the last eligible group; this section makes the class of 2021 the last eligible group.

Section 35. Pawtucket Downtown Redevelopment. This section contains the necessary mechanism to allow for taxes collected pursuant to the tax incentive financing statute under Rhode Island General Law, Chapter 45-33.4 to be appropriated to the Downtown Pawtucket Redevelopment Economic Activity Fund to finance development projects in the existing economic development district, in accordance with the law passed in 2019.

Section 36. Budget Delay. This section delays the date the Governor must submit the FY 2022 budget to the General Assembly by seven weeks to Thursday, March 11, 2021. The current statutory requirement is for it to be submitted on or before the third Thursday in January.

Section 37. Board of Education Restricted Receipt Accounts. This section authorizes the Board of Education to establish two restricted receipt accounts, one for the higher education and industry centers in Westerly and Northern Rhode Island and one for the Nursing Education Center. The first account would only be for funds gifted or granted to the centers. The second account would be for rentals of space at the Providence Campus for outside events.

Section 38. Effective Date. This section establishes the article is effective as of July 1, 2020.

Article 2. Capital Development Program

Article 2 places \$400.0 million of new general obligation bond authorizations on the ballot in a special election to be held March 2, 2021 for voter approval through seven separate questions. Annual debt service for the entire \$400.0 million, supported by general revenues, would be \$32.1 million assuming 5.0 percent interest and a 20-year term.

Question 1. Higher Education. Question one provides \$107.3 million for higher education institutions including \$57.3 million for the University of Rhode Island's Fine Arts Center, \$38.0 million for Rhode Island College's Clarke Science Building, and \$12.0 million for the Community College to renovate and modernize its campuses.

Question 2. Green Bond. Question two provides \$74.0 million for environmental and recreational projects. It is divided into eight distinct components with \$33.0 million for state beaches, parks, and campgrounds, \$4.0 million for the I-195 Park, \$4.0 million for local recreation projects, \$3.0 million for natural and working lands, \$15.0 million for clean water and drinking water infrastructure improvements,

Explanations of Budget Articles

\$7.0 million for municipal resiliency projects, \$6.0 million to continue the Providence River dredging and \$2.0 million for recreation and infrastructure projects along the Woonasquatucket River Greenway.

Question 3. Affordable Housing. Question three provides \$65.0 million for affordable housing and community revitalization projects through the redevelopment of existing structures, new construction, and property acquisition.

Question 4. Transportation. Question four provides \$71.7 million to match federal funds and provide direct funding for the state's transportation infrastructure, including ports, highways, roads, and bridges.

Question 5. Early Childhood Infrastructure. Question five provides \$15.0 million to support physical improvements and development of early childhood education facilities.

Question 6. Arts and Cultural Infrastructure. Question six provides \$7.0 million for the cultural arts and economy and state preservation grants. This includes \$6.0 million for the cultural arts and economy grant program administered by the Rhode Island State Council on the Arts, and \$1.0 million for the State Preservation Grants program administered by the Historical Preservation and Heritage Commission. The arts bond specifies \$2.5 million for Trinity Repertory Company and \$1.5 million for the Rhode Island Philharmonic, with the remaining \$2.0 million for non-profit arts organizations through a competitive application process.

Question 7. Industrial Facilities Infrastructure. Question seven provides \$60.0 million for two projects. This includes \$20.0 million for infrastructure projects at the Port of Davisville in Quonset for infrastructure improvements consistent with its port master plan, including rehabilitation of Pier 1 and construction of a new pier and dredging. There is also \$40.0 million for an industrial site development program administered by the Quonset Development Corporation that would provide small grants for pre-development purposes and competitively fund other projects to acquire industrial sites and develop facilities that create job-producing activities. The Corporation is required to establish a Rhode Island benefits agreement with funded projects.

Special Election. The article authorizes a predominantly mail ballot election. For the election, which is to be held on March 2, 2021, requirements relating to the witnessing or notarization of regular mail ballots will be waived and the Board of Elections and Secretary of State are authorized to utilize the other modified election procedures of the 2020 Primary and/or General Election, notwithstanding any law inconsistent with those procedures.

Article 3. Effective Date

Article 3 provides that the act shall take effect on July 1, 2020, except where a provision within an article specifies a retroactive or prospective effective date.